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DISCOVERING
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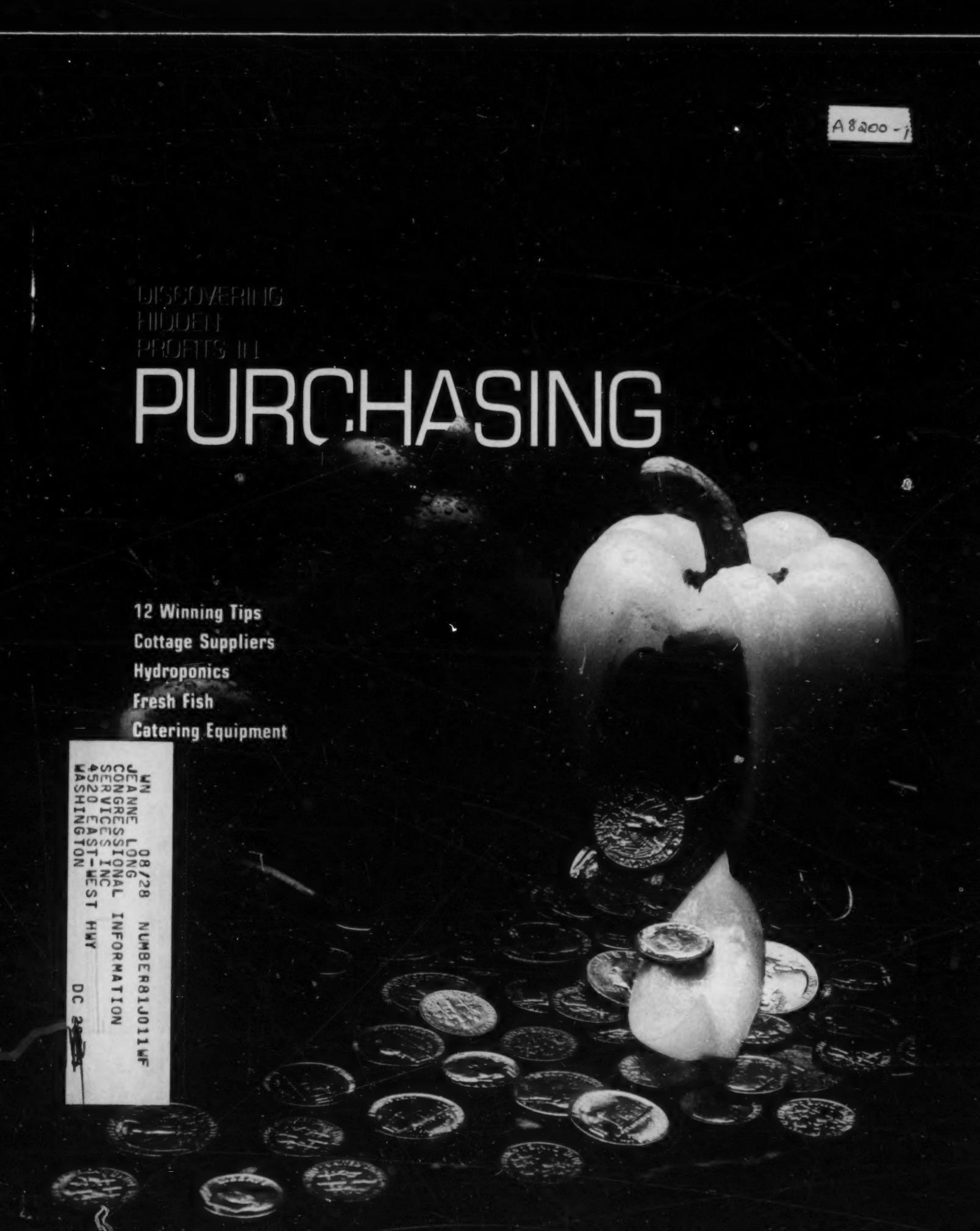

12 Winning Tips
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Hydroponics
Fresh Fish
Catering Equipment

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NRA MEETINGS

SEMINARS

Basic Foodservice Courses

Dining Room Management
10/9 Williamsburg, VA
10/15 Eugene, OR
10/20 Appleton, WI
10/27 Louisville, KY
11/17 Monterey, CA
11/19 Sacramento, CA

Dining Room Management: Sales and Service
10/21 Appleton, WI
11/18 Monterey, CA
11/20 Sacramento, CA

Kitchen Management
9/24 Providence, RI
10/7 Toronto, Ontario, Canada
10/8 Winnipeg, Manitoba, Canada
10/21 Albuquerque, NM
11/18 St. Louis, MO
11/20 Columbus, OH

People-Power and Profits
10/8 Portland, OR
10/16 Worcester, MA
11/17 St. Louis, MO

Tools for Training
10/6 Dallas, TX
11/10 Cincinnati, OH
11/12 Detroit, MI

Food Production Courses

Perfecting Your Culinary Skills
10/16 Rochester, NY
10/28 Denver, CO
11/11 Wilmington, DE

Simplified Baking Workshop
9/23 Denver, CO
10/7 Burlington, VT
11/11 Norfolk, VA

Soups and Sauces
11/10 Concord, NH
11/11 Warwick, RI

Foodservice Management Courses

Banquet Management
9/29 Knoxville, TN
10/6 Detroit, MI
10/7 Indianapolis, IN
11/3 Baltimore, MD
11/17 St. Louis, MO

Beverage Management
9/23–24 Milwaukee, WI
11/5–6 Seattle, WA
11/18–19 Louisville, KY

Employee Motivation
10/7 Atlanta, GA
10/9 Ft. Lauderdale, FL
11/10 Ft. Worth, TX

Food Cost Management
11/3 San Diego, CA
11/18 St. Louis, MO

Foodservice Operators Legal Workshop
10/14 Richmond, VA
11/10 Minneapolis, MN
11/17 Nashville, TN

Menus That Sell!
9/22 Lancaster, PA
10/14 Cape Cod, MA
11/5 Newark, NJ

Negotiating for and Financing Foodservice Facilities
10/16–17 Raleigh, NC
11/5–6 Madison, WI

Off-Premises Catering
10/28–29 Cleveland, OH
11/5–6 West Palm Beach, FL

Operational Analysis
10/6–7 Washington, DC
11/12–13 Indianapolis, IN

Planning Successful Buffets
10/27 Bethesda, MD
10/28 Philadelphia, PA

Real Estate and Restaurant Site Selection
10/14–15 Milwaukee, WI
11/12–13 Denver, CO

Restaurant Design and Facilities Planning
10/8–9 New York, NY
11/10–11 Portland, OR

Stress and Foodservice
9/24 Greensboro, NC
9/29 Columbus, OH
10/15 Sacramento, CA
10/16 Burlingame, CA

Planning and Implementing Restaurant Marketing Strategy
10/7–8 Phoenix, AZ
10/21–22 Minneapolis, MN
11/17–18 St. Louis, MO

Wine and the Bottom Line
10/6 Denver, CO
11/3 Boston, MA
11/18 Rochester, NY

NATIONAL CONFERENCES

Eleventh Annual California Wine Workshop
9/29–10/3 Monterey, CA

National Conference on Catering
11/16–19 New Orleans, LA

Independent Foodservice Operators' Conference
1/18–21/87 San Francisco, CA

National Conference on Computers in Foodservice
3/8–11/87 Dallas, TX

For more information, contact NRA Education Programs 311 First Street, N.W. Washington, DC 20001 (800) 424-5156 or (202) 638-6100

STUDY GROUP MEETINGS

Financial Officers
10/15–17 Williamsburg, VA

Foodservice Purchasing Managers
10/9–10 San Francisco, CA

MAECO
10/1–3 San Diego, CA

Market Research
10/8–10 Scottsdale, AZ

Marketing Executives
10/19–21 New York, NY

MIS (formerly EDP)
10/14–17 Monterey, CA

Quality Assurance
10/22–24 Boston, MA

Tax Executives
10/15–17 Williamsburg, VA

For more information on specific study groups, contact Philip Kralovec, (312) 853-2525.

Published by the National Restaurant Association

RESTAURANTS USA
VOL. 6 NO. 8 SEPTEMBER 1986

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Restaurants USA (ISSN 0465-7004) is published monthly, except combined June/July issue, by the National Restaurant Association, 311 First St., N.W., Washington, DC 20001. Membership dues include a one year subscription to ***Restaurants USA***. The non-member subscription fee is $125 per year. Second class postage paid at Washington, DC 20001 and additional mailing offices.

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PRESIDENT'S REPORT

G. "Jim" Hasslocher, President
Frontier Enterprises, San Antonio, Texas

G. "Jim" Hasslocher
President
Frontier Enterprises
San Antonio, Texas

NRA members to convene at Public Affairs Conference

National Restaurant Association members from across the country will convene this month in Washington, DC, for NRA's second annual Public Affairs Conference. If you are like me, some days it seems as though we spend more time working for Uncle Sam than for ourselves. Like it or not, government is our ever-present partner. From the wages we pay our employees to the food we serve our customers, Uncle Sam's long arm reaches into every facet of our operation. What can we do about it? It's simple—get involved.

The NRA September Public Affairs Conference can be your first step toward making a difference in the legislation and regulations coming out of Washington and into our operations. During the conference, you will have an opportunity to meet individually with your senators and representative to discuss current issues facing our industry in general and your business specifically. The list of speakers NRA will bring together includes some of our country's most influential public officials and reads like a who's who of Washington: Department of Labor Secretary William E. Brock, Health and Human Services Secretary Otis R. Bowen, Chairman of the Senate Budget Committee Sen. Pete Dominici (R-NM), Sen. Edward M. Kennedy (D-MA) and House Minority Whip Rep. Trent Lott (R-MS) as well as prominent political commentators and journalists Frederic Barnes, Jr., Paul Duke and George F. Will.

The Public Affairs Conference will provide you with insight into the inner workings of government and this administration. Your involvement can make a difference: It will ensure that we have the influence on Capitol Hill that is crucial for our business success.

Chef d'Oeuvre—an informal opportunity to meet with Congress

In addition to the impressive line up of speakers and Capitol Hill visits, the NRA's fourth annual *Chef d'Oeuvre* congressional reception, held in conjunction with the conference, provides additional opportunities for you to meet informally with members of Congress to discuss industry issues. More than 200 members of Congress are expected to attend. Make plans today to attend NRA's 1986 Public Affairs Conference, September 22–24, in Washington, DC. Contact NRA's Government Affairs Department to register or for more conference information.

NRA Board meeting to set association agenda

The NRA Board of Directors will meet in Washington, DC, prior to the Public Affairs Conference. Association activities, both present and future, will be reviewed and developed during this meeting. Look for a report of the Board meeting discussions and initiatives in the October President's Report.

NRA testifies on ingredient labeling

NRA actions in government-related activities in Washington did not slow during the summer holidays. NRA's government relations staff testified before the Food and Drug Adminstration's Ad Hoc Committee on Hypersensitivity to Food Constituents in August. The specific issue was ingredient labeling on "fast food" packaging. NRA strongly opposed mandatory labeling while supporting consumers' right to know what is in the food they eat. NRA cited current efforts on the part of large fast food operations to make ingredient information readily available to their patrons in the form of point-of-sales materials.

NRA testimony pointed out that however well intended, mandatory labeling will be nothing more than a financial burden on the American consumer. It argued that ingredient labeling on wrappers would give the consumer the information only after the item was purchased and would, therefore, be of little assistance to the consumer since it would provide "after the fact" information. "You can't solve a foodservice problem with a supermarket answer," the statement said. We also explained to the committee that if the foodservice industry is left to its own devices, it will respond to the problem with a solution that will be not only cost effective but also responsive and beneficial to the consumer.

Industry-wide promotion to be released

The association was active this summer in non-government related activities as well. The National Restaurant Association has joined forces with 14 other associations in a hospitality industry image project. Details of the project will be released next month at a press conference in New York. Simultaneously, you will be among 55,000 foodservice and lodging operators who will receive a packet of materials explaining how to participate in the nationwide program. This program is the largest unified effort ever made by the hospitality industry. You will want to take part, so look for your packet in October.

NRA produces video on tips and taxes for employees

In an effort to ensure that your service employees comply with IRS tip reporting requirements, NRA, in cooperation with the IRS, has just completed production of the video *Tips & Taxes*. *Tips & Taxes* gives your tipped employees all the information they need on using IRS forms W4, 4070 and 8027. The tape will become available at the end of this month. The cost will be $95. To order, call the NRA publications department.

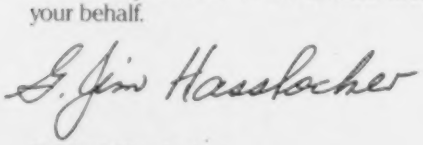
Look for NRA catalog in the mail

Later this month you will receive a copy of NRA's new catalog of publications. This year's catalog includes detailed information about *Tips & Taxes* as well as more than 100 other NRA publications and videos. Each NRA publication was designed to respond to the needs of foodservice operators like yourself. Be sure to take a close look at the catalog when you receive it in the mail.

Facelift makes *Restaurants USA* more readable

You have no doubt noted that with the name change of ***NRA NEWS*** to ***RESTAURANTS USA*** the interior design also received a facelift. The aim was to make the publication more readable. Rest assured, however, that these design changes will not affect the editorial content, which many of you have grown to depend upon for industry information.

During August, 130 foodservice operators and allied suppliers became members of NRA. We welcome you. Your participation in NRA will make your business grow and make your association function more effectively on your behalf.



G. "Jim" Hasslocher
President and Chairman of the Board

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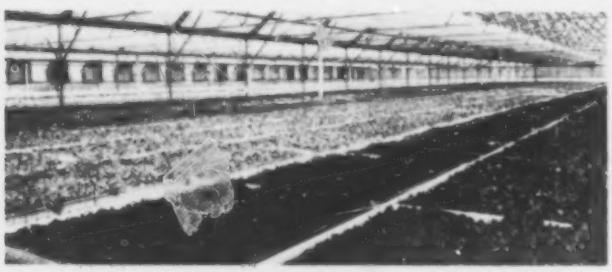
19 Small growers offer big opportunities
From the farm to your backdoor, small suppliers can provide some of the freshest "hot off the vine" produce.



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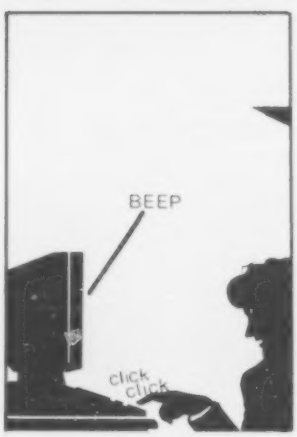
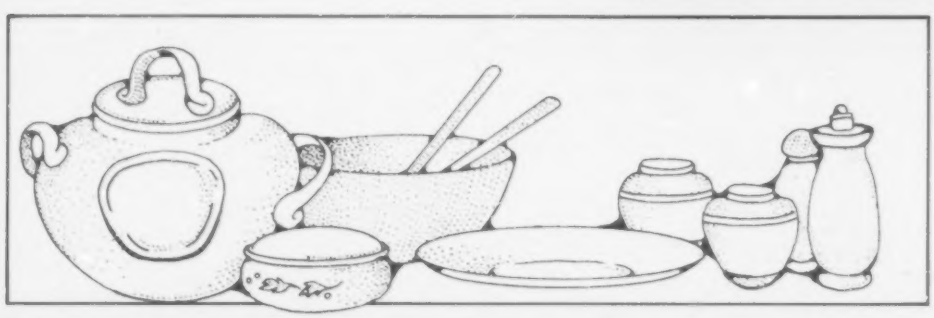
This is often the question caterers face when planning a large event. You may be surprised at the results of this simple cost comparison.





Cover photograph by Gary D. Landsman

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New video on tip-reporting

Tax regulations can be confusing, and tip reporting requirements are no exception. If you have ever felt a little lost trying to explain tip-reporting rules to staff, help is on the way.

"Tips & Taxes," a new 10-minute videotape, visually explains general tip-reporting procedures and staff's responsibilities for accurate tip-reporting. Produced by NRA in cooperation with IRS, the videotape brings employee tip-reporting concerns to life by dramatizing a new waitress's first day on the job.

Along with the new employee, viewers learn about various IRS forms, including the W4, 4070, 4070A and 8027 as well as a daily tip-reporting form. Common questions such as, "How do managers know how much to withhold on tips?" and "What is tip allocation?" and "What happens if employees report more than eight percent of their sales?" are answered clearly and simply.

At the end of the tape, an IRS spokesperson discusses the penalties for inaccurate tip-reporting and provides an IRS toll free 800 number to answer any further questions.

To order "Tips & Taxes," Contact NRA, 311 First St., N.W., Washington, DC, 20001, or call (800) 424-5156 or (202) 638-6100. The videotape is $95 (plus shipping, handling and tax).

1986 operating ratio report now available

NRA's annual study *Restaurant Industry Operations Report '86* has just been published. It contains a wealth of operating data not available from any other published source.

Conducted jointly by the National Restaurant Association and the international accounting and consulting firm Laventhol & Horwath, NRA members supplied operating data and the analysis was performed by Laventhol & Horwath.

More than 800 restaurateurs participated in this study, and 633 completed surveys were used as the basis for this comprehensive report.

What's in the report

The report has been divided into two sections—one for restaurants serving food only and the other for restaurants serving both food and alcoholic beverages. It not only includes operating data for full and limited-menu restaurants, but results are also broken down by menu theme, including steak/seafood, American, continental, Italian, Mexican, sandwiches/hamburgers and chicken. Additional tables include operating results by location, sales volume and years in operation.

Information presented in the publication includes

- sources of income
- expenditures
- analysis of employee data—employees per seat, sales per employee, productivity
- earnings ratios
- restaurant location and
- seat turnover.

How to get your copy of the report

NRA members who completed the survey questionnaire in early 1986 will receive a complimentary copy of the comprehensive report. Others may order *Restaurant Industry Operations Report '86* at a cost of $20 (plus $2 shipping and handling) for NRA members and $40 (plus $4 shipping and handling) for non-members. DC residents add six percent sales tax. Illinois residents add seven percent sales tax. Chicago residents must add an additional one percent, making their total sales tax eight percent.

To order, contact NRA, 311 First St., N.W., Washington, D.C. 20001 or call (800) 424-5156. **Payment must accompany all orders.** Credit card telephone orders are accepted. Please specify number CS956 when placing your order.

Filming the new NRA tip-reporting videotape.

October 16 is World Food Day

NRA is a founding member of the National Committee for World Food Day, which will be observing the sixth annual World Food Day on October 16. World Food Day, observed globally by 140 nations, was established for two fundamental reasons: to deepen awareness of food security issues and to stimulate informed action against hunger. Organizations across the country observe World Food Day in a variety of ways, from small town food drives to lobbying government offices for increased attention to food issues.

Many of the nation's restaurants will be observing the day by donating a percentage of the receipts collected on October 16 to the cause. For information on how you can participate in World Food Day in your restaurant or for resource materials, contact: National Committee for World Food Day, 1001 22nd St. N.W., Washington, DC 20437; (202) 653-2404 or 2402.

Tax reform bill readied for final vote

House and Senate tax reform conferees finished work on an historic tax overhaul plan on Aug. 16, paving the way for a final up-or-down vote on the package by the House and Senate. The conference committee's work is expected to be adopted without a hitch by both chambers this month and then signed into law by the President.

The compromise bill, which in the final days was negotiated around the clock by House Ways & Means Committee Chairman Dan Rostenkowski (D-IL) and Senate Finance Committee Chairman Bob Packwood (R-OR), was one of the last hurdles in the tax reform process.

The bill contains the 80 percent limit on business meal and entertainment expenses that NRA and other hospitality groups have fought for nearly two years. The provision would place an 80 percent ceiling on the deduction for meals and entertainment, including meals eaten by a business traveler. The change would be effective Jan. 1, 1987.

The one exception to the 80 percent rule is a two-year exemption for banquets that meet certain conditions. A banquet meal would be 100 percent deductible if more than 50 percent of the participients in a banquet meeting are away from home, at least 40 persons attend the banquet and the meal is part of a program which includes a speaker.

The final tax package would leave intact the current law's substantiation requirements for business meal deductions. Additional penalties for fraud and negligence were dropped in the conference report. Also, a stricter test for proving business meals was not included in the final language.

TJTC extended

The bill also would retroactively extend the Targeted Jobs Tax Credit (TJTC) for three years—from Jan. 1, 1986 to Dec. 31, 1988. However, it is not clear at this point whether the extension would apply to all new hires since Jan. 1, 1986. It may only apply to those for whom an employer has already filed a certification request with a state employment office.

The first-year targeted jobs credit would be 40 percent rather than 50 percent of qualified wages, and the second-year credit would be eliminated entirely. Also, a credit would not be allowed unless an employee had worked a minimum of 120 hours or 90 days, whichever is less.

Tax cuts: bill's centerpiece

The centerpiece of the tax bill is the dramatic reduction in tax rates. The bill would reduce the current law's top individual rate of 50 percent to 28 percent. A second 15 percent rate would be created for lower and middle-income taxpayers, resulting in the current system's 15 tax rates being collapsed into just two.

The new individual tax rates would be phased in over the coming year and become fully effective on Jan. 1, 1988.

The maximum corporate tax rate would drop from 46 percent to 34 percent. The new rate would be effective July 1, 1987, and a blended top rate of 40 percent would apply for the first half of 1987. Lower corporate tax rates of 15 percent and 25 percent would apply to firms with income of less than $100,000.

Other key provisions in the tax bill:

- ☐ The effective individual capital gains rate would go to 28 percent
- ☐ the investment Tax Credit would be repealed retroactively to Jan. 1, 1986
- ☐ depreciation would be lengthened for most assets. For example, a car or light truck would be written off over five years instead of three and
- ☐ a 20 percent minimum tax would be established for corporations, with some relief for small businesses.

Rep. Archer discusses tax reform

When he spoke to NRA's First Thursday Breakfast Group in August, U.S. Rep. Bill Archer (R-TX), a member of the House-Senate conference committee on tax reform and the second ranking Republican on the House Ways and Means Committee, talked about tax issues facing Congress.

A conservative, pro-business veteran of Congress, Archer expressed misgivings about tax reform's ultimate effect on the economy. "I've talked to quite a few economists, and none of them thinks these bills will result in any long-term growth," he said.

In fact, according to Archer, real growth in GNP will drop by one percent, and unemployment will increase by as much as two percent during the first two years of tax reform. Archer also lamented that the tax code would actually be more complicated as a result of tax reform legislation and that tax fairness has been wrongly equated with lower taxes.

Rep. Bill Archer

Two from foodservice run for Congress

Two representatives of the foodservice industry—a restaurateur and a state restaurant association executive—hope to come to Washington next year as newly elected members of Congress. Dale Bell of South Dakota and Van Heffner of Nevada are each running on the Republican ticket for the U.S. House of Representatives.

Dale Bell, owner-operator of Bell Steakhouse, is running for the open, at-large seat in South Dakota. Van Heffner, executive vice president of the Nevada Restaurant Association and the Nevada Hotel & Motel Association, is campaigning in Nevada's first congressional district (the southern portion of the state, including Las Vegas).

Bell blasts government inefficiency

Bell is no stranger to politics. He was an early supporter of Ronald Reagan in 1976 and managed the Dallas–Fort Worth campaign. He served as director of special programs in the 1980 Reagan-Bush campaign, and following Reagan's election, served as director of public affairs for the Denver regional office of the Department of Health and Human Services.

Bell was nationally recognized for his work to provide private-sector food and shelter for the hungry and homeless in the Denver area. It was his experience with the federal bureaucracy in that job that prompted him to think about running for Congress.

"Twenty-one people had frozen to death, and I couldn't get the General Services Administration (GSA) to let me use a vacant federal building as a shelter. That really made me mad.

"I was very upset and angry by what I saw—gross inefficiency, wastefulness and a lack of compassion for others," he said. "There was much more waste than I could tolerate in my business."

So Bell turned to the private sector for assistance.

Dale Bell

The result: five nonprofit shelters were opened to accommodate the homeless.

"We just need more common sense in government—the kind of skills and expertise that business people have," says Bell. "Too many people in the federal government don't know how to manage people or resources effectively."

Bell believes more business people should get involved in politics. "I know it's a real sacrifice for a business person to run for Congress," he says. "It's difficult to be away from your business and it's difficult to finance a race, but we need to make that sacrifice. If we don't get involved, things are just going to get worse."

With a 96 percent name recognition, Bell is doing well in his race for the seat now occupied by U.S. Rep. Tom Daschle (D). Daschle is resigning to run for the U.S. Senate. Bell secured the Republican nomination earlier this year after beating three other Republicans, and a recent Tarrance poll shows him leading his Democratic opponent.

Bell is cautiously optimistic about his chances but adds that it is hard to predict the outcome because there is a lot of volatility in the farm belt this year.

If Bell gets to Washington, he expects to be a strong ally of the business community. "I guess you could say I'm a free-market advocate," he says. "I take a very dim view of government intervention."

Van Heffner prepares for primary

Like other Rocky Mountain states, Nevada is experiencing a growth explosion. Since 1980, the state's population has increased by about 200,000, with another 20,000 to 35,000 people moving into the state each year.

According to Heffner, the state's rapid growth demands a transition to a more diversified economy, and "the hospitality industry will be under special pressure to re-

Senate bill could reduce insurance burden

The Senate approved a "risk retention" liability bill in July, voting 96–1 to make it easier for businesses, municipalities and professional groups to band together to insure themselves. The bill would allow interstate formation of risk retention groups to self-insure or purchasing groups to cooperatively purchase liability insurance from commercial carriers.

NRA has supported the measure as a step toward alleviating the current liability crisis, although it recognizes that the bill is by no means a cure.

The bill amends a 1981 law that applied only to product liability. Sen. Bob Kasten (R-WI), the bill's chief sponsor, said the changes would "make it easier for others to form collective purchasing groups and risk retention groups for general liability insurance, without imposing on them conflicting requirements in each state in which they operate."

The Senate bill is now pending before the House Energy and Commerce Committee.

spond to this demand." (Over one-third of Nevada's workforce is employed by the tourism industry.) Heffner said he feels especially qualified to represent Nevada's concerns in Congress because involvement in the hospitality industry has been a way of life for him since 1966.

For the last seven years, Heffner has served as executive vice president of the Nevada Restaurant Association and the Nevada Hotel & Motel Association, lobbying and developing programs on alcohol service, labor law, tip reporting and marketing.

Van Heffner

These experiences shape the perspective he would bring to Congress. He listed the liability crisis as a main concern. Having seen the "dram shop" problem up close, Heffner said he knows that all parts of society will ultimately be affected by pass-through costs.

Since February 3, when Heffner announced his candidacy for the congressional seat being vacated by U.S. Rep. Harry Reid (who is running for the U.S. Senate), Heffner has been working from 5 a.m. to midnight. Heffner says the campaign has been "a very moving and humbling experience," because it has brought him into contact with "hundreds of bright, capable, knowledgeable Americans."

As ***Restaurants USA*** went to press, Heffner was gearing up for the tough September 2 primary to become the Republican party's nominee.

Pending bill could raise health care costs

Three bills now being considered by House and Senate committees (H.R. 4742, S. 2402 and S. 2403) would require that employers continue to pay health-care premiums for former employees, even if those employees had voluntarily left their jobs. These bills amend certain provisions of the Consolidated Omnibus Reconciliation Act (COBRA) of 1985 which went into effect July 1, 1986.

Under COBRA, former employees are allowed to continue to participate in company health plans for up to 18 months after leaving employment. Participation, however, would be at the employee's expense. Qualified beneficiaries not covered under another plan also must be allowed to participate in health plans at their own expense for three years from the date of a covered employee's death, divorce or legal separation.

NRA and others in the business community opposes legislation which dictates the terms by which an employer provides employee benefits. In the long run, NRA believes, such legislation would mean higher costs in the form of higher copayments, higher deductibles and reduced benefits.

NRA is just as concerned about the provision in H.R. 4742 that would provide health-care coverage for the medically uninsurable population by asking employers to make up any financial shortfalls in the state fund.

NRA believes such a plan would unfairly place the burden of insuring high-risk individuals on employers.

The House bill was introduced by Rep. Pete Stark (D-CA) and Willis Gradison (R-OH). These two Senate bills were authored by Sens. Edward Kennedy (D-MA) and David Durenberger (R-MN).

Immigration bill moves to House floor

The immigration bill approved by a divided House Judiciary Committee on June 25 and given a stamp of approval by seven other committees in early August, is expected to reach the House floor for consideration this fall.

If the controversial bill (H.R. 3810) is approved, it would then move on to a House-Senate conference committee, so that differences between it and the immigration bill passed by the Senate last September (S. 1200) could be reconciled.

Both the House and Senate bills grant legal residency status to millions of aliens already living in the U.S. The Senate bill would "legalize" those aliens who had been in the U.S. since January 1, 1980; the House committee's bill requires residency since January 1, 1982.

Both bills also penalize employers who knowingly hire illegal aliens. The House bill establishes a three-tiered system of civil penalties for illegal hiring and requires employers to keep records showing that they had verified an employee's legal status. In the Senate bill, records may be used to document an employer's "good faith" hiring efforts, but they would not be mandatory.

The most controversial provision of H.R. 3810 deals with foreign agricultural workers. Growers, who have traditionally relied on immigrants to harvest crops, have insisted that any immigration bill contain some built-in guarantee of an adequate labor supply.

The Senate bill's solution was to establish a "guest worker" program to permit a large number of aliens temporary entry into the country.

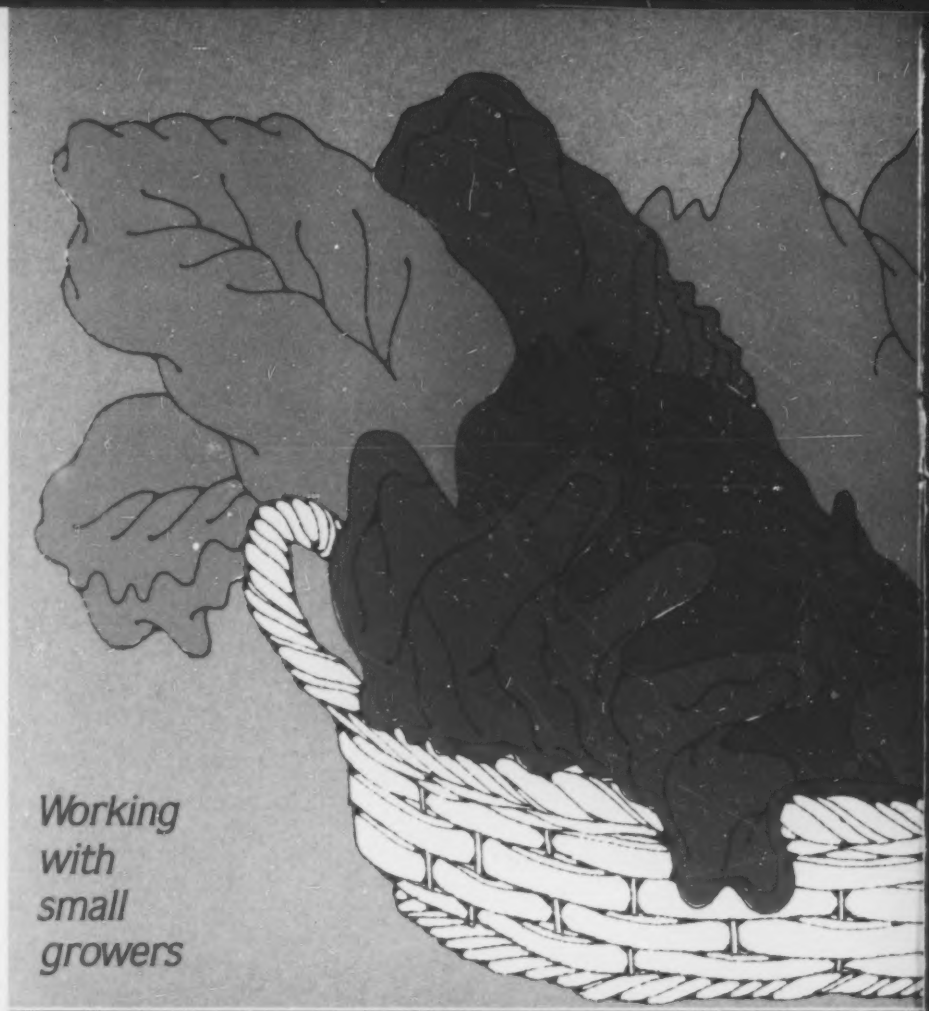
Many in the House, however, were concerned that aliens in a guest worker program could be exploited too easily by employers.

So, the controversial House committee compromise grants "green card" (legal residency) status to foreign farm workers who had worked 60 days in American agriculture between May 1985 and May 1986. Beginning in 1989, the compromise would allow a new group of workers into the country as legal residents to replace those who had left agricultural work. These "replenishment" workers would be required to work a certain number of days in agriculture during their first two years in the U.S.

Critics say the House bill grants residency too easily and saddles the U.S. with an extra welfare burden. The farm worker provision is expected to prove highly divisive on the House floor.

—Jay Morris
—Denise Roach

by Anne Papa



Working with small growers

From the farm to

The back door at the Inn at Little Washington (Washington, VA; 60 seats) is a busy place. At least once and usually several times a day, vendors from the surrounding town drop by the restaurant, bringing their goods to chef-owner Patrick O'Connell for his consideration. Fresh herbs; home-grown lettuces; exotic shiitake, oyster and chanterelle mushrooms; dried tomatoes, apples and apricots; and nasturtium and other edible flowers are just some of the produce that may pass through the inn's back door on any given day.

For many of these small growers, the back-door business with O'Connell represents their livelihood. But the same is true in reverse: Without a steady supply of fresh produce, the Inn at Little Washington may never have built the national reputation for fresh, innovative cuisine it enjoys today.

The advantages of working with small growers

The number of purveyors who show up at Patrick O'Connell's back door and at the back doors of the nation's most eclectic restaurants is an indication that America's cottage industry is thriving. Although in the strictest sense the term "cottage industry" implies working inside the home, it also has come to include small farmers who grow produce in their yards or on a few acres or even those who raise specialty livestock.

Quality—key advantage

For restaurateurs, purchasing goods and produce from these small independent growers offers many advantages. Chief among them is quality. Michael Tuma, chef-owner of Justine, an 80-seat upscale restaurant in Midland, Mi, purchases many specialty items from small growers and producers: wild raspberries, fiddlehead ferns, miniature vegetables, French green beans, radicchio, leeks and herbs of all kinds. "These people care about their products," he attests, "and it shows in the quality. You know you're not getting something off an assembly line."

Dean Mellor, innovative chef at Los Angeles' Trumps restaurant (70 seats), agrees that quality is the prime consideration when purchasing goods and produce—whether from small independent growers or larger suppliers. However, small growers generally get Trumps' business, he says, because of the comparative freshness of their products. "When buying from a big producer or through a broker, I may get a product that was picked two weeks ago, shipped to a warehouse, sent down from up North and stored in a walk-in until I finally place my order," he explains. "But small independent growers eliminate those steps. For instance, the people I buy my lettuce from literally get up early every morning, pick the lettuce out of the earth and bring it down to the restaurant."

The availability and range of specialized, exotic items are other reasons many operators purchase goods from small growers. Andrew Wilson, purchasing director at the Cherokee Town and Country Club (Atlanta, GA; 125 seats), buys his staples and other frequently used items from large companies. But when he is looking for a rare, specialized product, he turns to independent suppliers. "There is a range of items available from smaller businesses that you won't get from the large companies," he says. Wild game, milk-fed veal and wild berries are items that Wilson purchases regularly from small growers.

Some restaurants, especially those featuring regional dishes, often build their menus around items grown by local producers. "When you have a specialized, regional menu like ours, you need specialized ingredients," says Bruce Frankel, owner of Panache, a 38-seat restaurant in Cambridge, MA, which features New England cuisine. "You are just not going to get items such as smoked Vermont ham, maple

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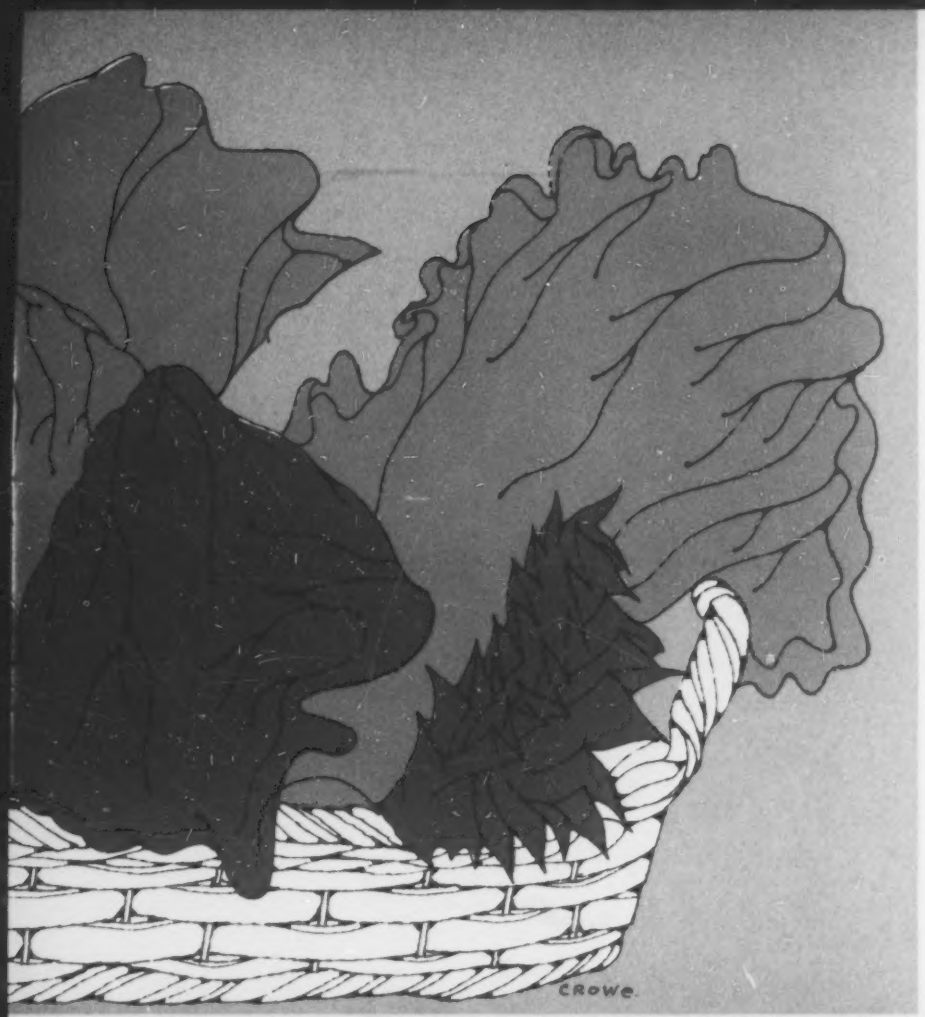


your back door

leaves for salads and homemade apple cider from the big concerns."

Finally, many operators say that a big advantage of doing business with small growers is the sheer pleasure of working with them. "Some big companies act as though they don't need us," explains Michael Tuma of Justine. "But the little guys, they get to know you. They treat you with respect." Dean Mellor of Trumps agrees. "Small growers appreciate doing business with you because it helps them with future customers if they can say 'I supply to Trumps.' So they'll take extra considerations to maintain your business—to keep you happy," he says.

But there are disadvantages

Although most operators say the advantages of working with cottage producers far outweigh the disadvantages, they acknowledge that there are certain drawbacks, such as not being able to get the amount of a product when you need it.

For example, the lunch menu at Trumps changes daily, and chef Mellor must decide each morning what ingredients he will need, based on what he expects his suppliers can deliver. "Nine times out of 10, there is no problem," he reports. "But that tenth time, when I put baby arugula on the menu and find out my supplier doesn't have any that day, or can't make a delivery until 1:00 p.m. when lunch is halfway over, then I'm in trouble."

Mellor believes that part of this problem exists because many small growers do not take the actual delivery process into account when promising an item at a certain time. He recounts one instance when a farmer made arrangements to bring his produce to Trumps. "But his truck broke down a couple of times on the L.A. freeway, and that was the end of that," Mellor recalls. "A farmer can't assume he'll make it as a truck driver, just as a chef can't assume he'll make it as a farmer."

O'Connell of the Inn at Little Washington complains that dealing with independents is generally more time-consuming than working with big companies and sometimes less convenient. "Because growers may not have established a clear price for their goods, you waste a lot of time bartering," he says. "And sometimes they come to the back door at inopportune times, such as right in the middle of dinner service."

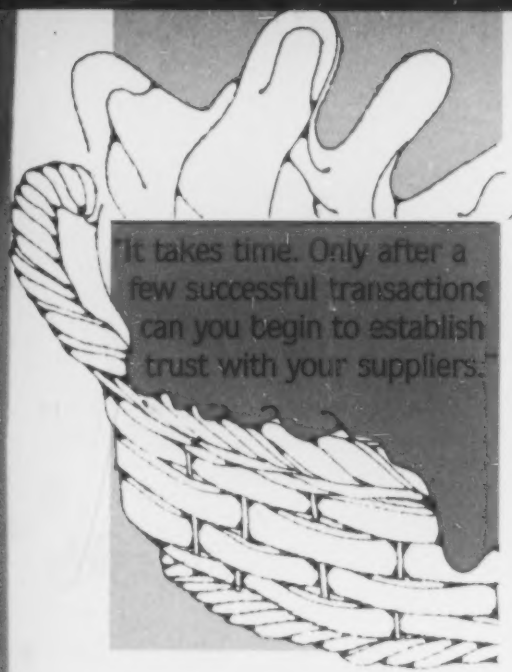
Finally, Barry Wine, owner of New York's celebrated Quilted Giraffe (60 seats), is irked by the tendency of small independents to request C.O.D. "I understand their need for cash flow, but, I figure, if someone is too unstable to extend credit, they must not have a quality product. I generally won't do business with them," he says.

Finding quality growers

How do operators go about locating these small growers and producers? Often the growers find the restaurateurs, not the other way around. "Because we are in a rural community, finding growers is the easy part," maintains O'Connell. "In fact, it is the growers who find us. They've heard of us, know our reputation and seek us out." O'Connell says he will first sample an item brought by a local grower; then, if he likes the product, he will place an order or ask to see what else the grower has in stock.

Even city restaurants can attract small-grower interest, says Barry Wine of the Quilted Giraffe, who finds suppliers knocking on his door in Manhattan. Wine relies heavily on recommendations from people whose opinions he respects. "A former chef of ours opened his own restaurant in Chicago and began raving to me about the American caviar he was purchasing from a woman in the Great Lakes area," Wine recalls. "So I tried it, liked it and am now receiving a steady supply. I often rely on word-of-mouth contacts to connect with independent suppliers." Wine also never hesitates to inquire about ingredients he tastes when dining in other New York restaurants. "I always keep my eyes open," he says.

Although small growers flock to re-



nowned restaurants, restaurateurs that are just starting out may need to search in order to find the quality goods they desire. Ralph DiOrio and Denise Marie Fugo, co-owners of Sammy's (Cleveland, OH; 130 seats), opened their upscale restaurant six years ago with a commitment to innovative cuisine. "But no one had heard of us," recalls DiOrio, "and many of the exotic ingredients we were looking for were unheard of in Cleveland." So the husband-and-wife team began frequenting local farmers' markets, letting the farmers know that a new market was opening up for specialty fruits and vegetables. "It took some convincing," acknowledges DiOrio, "but before long we were able to get the produce we needed. And not long after that, farmers began approaching us with their products."

Bruce Frankel of Panache took a direct route when hunting for suppliers of regional New England cuisine. He contacted the state cooperative extension program. "They gave me a complete listing of produce and livestock growers and cheesemakers in Massachusetts," he reports. According to Ricardo Gomez of the United States Department of Agriculture (USDA) Cooperative Extension Program, this type of information is available through government offices in most states and/or counties.

Establishing a working relationship

Once an operator is satisfied with the quality of a purveyor's goods or produce, it falls to both parties to establish a solid working relationship. According to DiOrio and Fugo of Sammy's, the primary ingredient of that working relationship is trust.

"The farmers have to trust that you'll buy a product when it is grown, particularly if you requested it," explains Fugo. "And you have to trust that the farmers will deliver." Fugo says this mutual trust doesn't happen overnight. "It takes time. Only after a few successful transactions can you begin to establish trust," he says.

Fugo and DiOrio have proven so trustworthy that they have been able to commission two area farmers, one of whom farms within the Cleveland city limits, to grow produce exclusively for Sammy's. "It took two years to get to the point where they would devote their entire operations to our needs," says DiOrio. Currently, one farmer grows Sammy's specialty lettuces, peppers and herbs, while a second ("We wanted a back-up," explains DiOrio) grows baby vegetables and often-used produce, such as beans and spinach. All vegetables are grown to DiOrio and Fugo's specifications and are delivered daily to the restaurant.

DiOrio says Sammy's is able to maintain these working relationships for three major reasons: The restaurant uses enough produce regularly to sustain the farms; the farmers recognize the price value of concentrating on specialty items rather than ordinary produce; and if DiOrio and Fugo ask for a specific item to be planted, they honor their pledge to buy the item when it is picked. "The farmers know we'll be there for them," says Fugo. "It all comes back to trust."

O'Connell also commissions area farmers to grow to his specifications, although none grow exclusively for his restaurant. O'Connell says he approaches regular suppliers early in the spring with a list of produce he will need throughout the season. "I've occasionally brought back seeds from France and asked local farmers to grow them for me as well," he says.

Many operators, such as Andrew Wilson of Cherokee Town and Country Club, simply establish a standard order with small growers that fluctuates with the seasons. But even with a standard order, Wilson says he does not hesitate to reject any produce that is not up to par. "No matter how consistent the purchasing pattern is, it is not set in stone," he maintains. "If an item lacks quality, we simply won't buy it and will revise the menu that week."

As might be expected, most operators agree that small growers are generally more expensive than large companies. "After all," observes Bruce Frankel of Panache, "you get what you pay for." It is a good idea to establish prices up front, taking into consideration the operator's liability for produce that is rejected. This way, no after-the-fact squabbles over price will mar the working relationship.

Growing your own

Finally, some operators are "cottage industrialists" themselves—that is, they grow some of their own specialty produce, either at the restaurant or on nearby land.

"It's cost efficient to grow your own," says Michael Tuma of Justine, who tends a small herb garden on the restaurant's property. "However," he adds, "it's a good idea to keep in touch with your regular supplier, particularly if you are new to gardening." Andrew Wilson of Cherokee Town and Country Club, who is considering planting an herb garden this year, agrees, "If we plant the garden, we will start small and will continue to supplement our herb stock from local growers. We don't want to limit ourselves."

At the Quilted Giraffe much of the produce comes from a small vegetable, herb and flower farm owned by Barry Wine and other investors up the Hudson River in New Paltz, NY. The farm has a greenhouse for off-season growing. "We deliver to ourselves twice a week," reports Wine. He says that although most of the items grown on the farm are available from purveyors, growing produce for the restaurant insures that quantity and quality will be directly in line with the Quilted Giraffe's needs. "This way we know items are being grown to our specifications," he avows.

And at the Inn at Little Washington, O'Connell says the restaurant keeps its own walled garden adjacent to the restaurant as well as numerous gardens in the town of Washington because "gardening is a way of life around here." In fact, many employees at the restaurant are gardeners themselves, frequently bringing in surplus produce for O'Connell to use. ❑

12 WAYS TO WIN WITH PURCHASING

by Kathy Boyle

For a restaurateur, one of the most embarrassing situations is having to tell a customer you are out of his or her favorite entree. To avoid such an unwanted, awkward moment and the possible reverberations it can have on business, it is worth developing winning tactics when dealing with suppliers to guarantee you don't run out of food.

1. Set specifications

To assure quality and consistency, there should be a specification sheet for every product. By developing speci

fications, you determine the quality you want and the best price for that quality. According to Matt Spielman, executive general manager of foodservice for the seven-unit The American Cafe operation (average 150 seats) in Washington, DC, "Hunt's 40-percent-weight tomatoes are not the same as its 30-percent variety. A supplier who offers you the 30-percent version at a better price is not talking about the same product. You have to compare apples to apples."

One reference book used by many operators to set exacting specifications is *SPECS: The Comprehensive Foodservice Purchasing and Specifications Manual* by Raymond B. Peddersen, published by Cahners Books International, Inc. in 1977. It refers to government standards and controls for meats, eggs, dairy products, fish and shellfish, convenience foods, fruits, vegetables, juices, jams and jellies as well as other miscellaneous items.

2. *Set par levels*

Par levels are the quantity you need on hand for each product. Most restaurateurs don't want to have too much of an item on hand because they don't want to tie up valuable capital or risk the merchandise going bad. On the other hand, it is worse to have too little and run out of an item. To purchase smart, you must know how much you need and when.

Many operators maintain that there is no substitute for a physical count to assure that items on hand are maintained at par levels. Others recommend a daily item count on high volume, high cost items and a full inventory monthly.

3. *Divide the business*

In general, it is best to divide purchases of each item or category of items among two or more suppliers. "There are times one supplier doesn't carry the size or kind of an item I want," explans Ann Swanson, co-owner of the Outrider Cafe, in Laramie, WY, a 238-seat truckstop operation. Spielman of The American Cafe agrees, "I may buy from two tarragon farmers even though one could supply enough because there will be times when one farmer's supply dries up."

One buying practice is to give 75 percent of the purchases for each product to one supplier and 25 percent to another. The split should provide consistent, good service from the main supplier and keep the other supplier interested. "Buying from one principal supplier does offer the most leverage. If you have any problems, it gets you action and service, " says Chuck Boogay, assistant purchasing agent for The Lodge at Pebble Beach, Pebble Beach, CA.

4. *Avoid rigid delivery service*

For most restaurateurs, service from a supplier is as important as price, and a major part of that service is delivery. In general, restaurateurs believe they should be able to dictate the delivery day and time. Alan Newland, operations manager for purchasing and equipment for Las Casuelas Terraza, a 250-seat, Sonoran-style restaurant in Palm Springs, CA, expresses the typical restaurant's needs: "We have to have deliveries before 11 a.m., because once we are open, we cannot put items away."

Some larger restaurant companies are opting to pick up the merchandise themselves so they can control the delivery time. That is why it is becoming more common to ask for separate quotes for the item and the delivery.

Delivery slipups can be costly for restaurants, and some operators are taking precautions. "I like to have two deliveries a week from a company," says Chuck Boogay, who restocks heavily on Tuesday and then asks for a small restock on Friday. "This way, if I am shorted on an item, they can usually bring it down with them on the next delivery," he says. The one exception is items that are needed immediately; those must be delivered as soon as the mixup is noted.

Also important to restaurateurs is quick notification that the supplier is out of an item. "If the supplier doesn't have it, I want ample warning so I can get it somewhere else," says Newland of Las Casuelas Terraza.

5. *Consider buying direct from the manufacturer or grower*

Even small operations might be able to take advantage of direct purchasing from the manufacturer if they have adequate storage space and the extra capital to tie up in inventory. John Grisanti, owner of the two John Grisanti Restaurants (average 200 seats, Memphis, TN), has been buying his pasta direct from a California manufacturer for 10 to 12 years as well as other items, including bread sticks, rum cakes and canned tomatoes. "It started with my buying oysters," Grisanti recalls. "I learned I could open a distributing account and buy direct if I could make a truckload purchase." (For tomatoes, that translates into 500 to 600 cases.)

The extra volume does require some additional legwork, however. One of the ways Grisanti keeps up the necessary volume to purchase direct is by reselling the pasta he purchases to sev-

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eral other smaller restaurants in Memphis. For tomato purchases, he also watches agricultural conditions carefully, subscribing to newsletters and staying in touch with the broker.

6. *Stock up on good buys*

For the owner who can't afford to buy direct from the manufacturer to get the best price, the next best alternative is to stock up on items that are used in quantity. Ann Swanson of the Outrider Cafe purchased two large freezers to handle extra storage of meat. "If meat is doing well, then I stock up. I buy two tons," she says. But, she adds, she buys only what she needs and ignores pressure from sales representatives to buy what is on sale.

7. *Ask about consignment inventory*

Another money-saving alternative for the restaurant that doesn't have enough capital or space to purchase direct from the manufacturer is to ask the supplier to purchase a large volume and to store it for you. "For example," says Spielman of The American Cafe, "I might be able to convince a supplier to buy 2,000 pounds of shrimp at a good price and to then sell it to me as needed."

If you think your supplier might be skeptical of the idea, Spielman enumerates some of the possible benefits to the supplier: a constant foot in the door and a guaranteed sale of the product. In addition, the supplier gets the product at a more favorable price since the larger quantity reduces the purchase price as well as delivery charges for several smaller shipments. Finally, the supplier has an emergency supply of the product on hand for other buyers.

8. *Negotiate a long-term price*

Sometimes it is possible to negotiate a long-term contract price if volume is adequate. For example, operators report success with buying meat at a fixed price. During the year they pay market price, but at the end of the year the supplier gives them a rebate if the prices paid exceed the agreed-upon carcass price.

9. *Consider buying supplier labels*

Sometimes suppliers package products that are identical copies of name-brand merchandise. "The first step is to listen carefully to what your sales representatives have to say," says Swanson. Then compare the product yourself to make sure you are getting the same quality. "You have to check the yield, drained weight and gravity flows of products," adds Newland of Las Casuelas Terraza. "It takes plenty of samples. And be sure to test against another product at the same time, on the same day to have a fair comparison between products."

10. *Build a team relationship*

More and more smart purchasers are realizing the supplier/purchaser relationship is not an adversarial one. In return for accurate, timely shipments, good service and fair prices, restaurants owe the suppliers:

- ☐ *payment on time.*
- ☐ *orders in a timely, consistent, agreed-upon manner.* Develop a system for ordering with suppliers. If they are out of an item, what are they supposed to do? Should they substitute or not substitute? If they do not substitute, should they call you? What happens if they cannot reach you? Usually some discussion and planning with the salesman ahead of time can avoid costly errors.
- ☐ *trained, designated, available receiving personnel.* The driver should not have to wait around unnecessarily, thereby delaying other deliveries.

11. *Solicit ideas from vendors*

Recognize that your distributor knows service and marketing information as well as products. The supplier may offer some training, regular product testings, organized tastings or free materials to keep you up-to-date on trends or new technology. "We ask vendors to give us ideas," says Spielman of The American Cafe. "If a supplier asks us why we are using whole milk—rather than low-fat mozzarella—and no one can come up with a reason, then it is time to reevaluate the product we need."

By keeping the lines of communication open, you might also learn to time purchases better: A supplier may tell you that if you buy strawberries on Saturday, you will beat the price rise on Tuesday.

12. *Reconsider the supplier's eligibility annually*

It is important to review prices annually. Spielman of The American Cafe believes this is a must. "Most restaurants go through the price-shopping routine when first setting up business, and then they get comfortable." Even though the supplier is honest and you have established a relationship, you must still review his prices to make sure he is competitive and evaluate the quality of the items and the promptness of delivery. The American Cafe has a rating program for vendors, which is no secret. All vendors learn about it when they get a contract. "On a routine basis, we rate on best price, prompt delivery and quality. If the vendors know they are being rated in all three areas, they are more likely to pay attention," maintains Spielman. ❑

HYDROPONICS

The Wave of the Future?

by Kathy Boyle

Hydroponics may one day satisfy the industry's year-round demand for quality lettuces, cucumbers, tomatoes, herbs and, eventually, exotic vegetables.

"Almost anything that can be grown, can be grown hydroponically," claims Connie Crabtree, marketer for Hearn and Kirkwood, a wholesale produce supplier in Hanover, MD.

Most consumers were first introduced to hydroponics with the hydroponically grown Boston Bibb lettuce marketed in supermarkets. Today, they can find that lettuce and other water-grown products in restaurants as well.

What is hydroponics?

Quite simply, hydroponics is the growing of herbs, fruits and vegetables in a nutrient-enriched water solution. Soilless culture, as hydroponics is also known, is being adopted by commercial and amateur growers as an inexpensive and clean means of producing high yield and quality crops. (Chemical analysis has proven that hydroponically grown plants are nutritionally identical to soil-grown plants.)

This dramatically different method of growing vegetables and herbs year round, however, is not new. According to some, it dates back to the Hanging Gardens of Babylon. More recently, the Dutch, world leaders in the greenhouse industry, are credited with technically developing the concept. But it was not until the end of World War II that hydroponic growing took a great leap forward as the Israelis pushed to use hydroponics commercially. Today, almost 90 percent of Israel's growing is done hydroponically.

Visionaries see much of tomorrow's fresh vegetable supply growing in greenhouse complexes with computer-controlled hydroponic systems. Other agricultural experts envision hydroponics as a method for replacing fertile agricultural lands in the U.S. as they are depleted or absorbed by urban sprawl and as a way of giving American farmers new opportunities at a time when traditional farms are experiencing hard times. More modest futurists predict hydroponics as holding great promise for satisfying the restaurant industry's year-round demand for high-quality lettuces, cucumbers, tomatoes, herbs and, eventually, exotic produce and petite vegetables.

Despite its long history and relative success, the concept is still regarded as rather revolutionary in the U.S., where field growing is still the norm and hydroponic growing is considered a boutique business.

A closer look at the growing process

When plants are grown hydroponically, they are grown in a controlled water and mineral environment. By removing the soil, however, the grower does not remove the support system the soil

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provides—as a rooting medium and as a source of nutrients. Various mixes of vermiculite, gravel, peat, pine bark, plastic and a medium known as rock wool (a substance that provides a wick action, but does not interact with the chemicals that flow over the roots) may exist in a hydroponic greenhouse.

Hydroponic growing is done in a regular greenhouse setting, with any number of configurations of troughs and drip systems for sending water and nutrients to the plants. To take advantage of space in a greenhouse, some greenhouses employ intricate arrangements where the plants grow in a tiered fashion. Plants that need the most sunlight are placed near the top of the greenhouse. Those that need less are grown on lower tiers.

What are the advantages?

The advantages of soilless culture are numerous. There is no need for digging. Weeds are practically absent. Disease-free conditions are easy to maintain. Sterilizing is simple and rapid. Several expensive labor-intensive operations, such as hand feeding and watering can be eliminated. Planting time between crops is shortened. (According to Crabtree of Hearn and Kirkwood, herbs can be grown 30 percent faster than in field conditions.) There are virtually no pests, and elaborate composts are not required.

Most important, though, is the fact that many of the irregularities associated with Mother Nature—rain, sunshine and nutrient supply—are better controlled in a hydroponic setting. For example, there are no droughts or early frosts to contend with in a controlled environment. And some plants, such as tomatoes, can be planted closer together than they can be in soil, because there is no competition for available nutrients. In other plants still, the leaf area can be reduced without detriment to the quantity or quality of the fruit. In short, for most crops hydroponics allows for planting at greater density under one roof, thus dramatically increasing the crop yield.

For restaurants, in particular, hydroponically grown products are good news: They are of high quality and can be purchased year-round. The cleaner product also means less washing and preparation by restaurant employees.

What are the drawbacks?

Soilless culture has some disadvantages, of course. First, let us consider what hydroponics demands from growers. The initial cost of getting into the business can be quite expensive. The greenhouse itself can run anywhere from $15,000 on up, depending on the type of construction. But paying for the greenhouse is only the beginning. Heat, supplemental lighting, chemicals and an adequate water supply are expenses that start adding up quickly.

Potential problems with this growing method include clogging of feeding lines, leakage in the lines, pump failures, power outages and human error.

For example, hydroponics requires considerable attention to detail, especially when growing on a large scale. In soil, the margin for error when feeding is considerably less than when applying a nutrient solution to plants in hydroponically grown environments.

For the restaurateur, there are drawbacks as well. First, the cost is often higher than for soil-grown produce, although the cost for herbs can be less than for soil-grown varieties. More importantly, however, the supply is limited because there are not many hydroponic growers. Even after you have located a farm, unless its output is large, it may have trouble supplying quantities needed. "A single greenhouse operator is harvesting once a week, and restaurants need more than a once-a-week harvest," says Jerry D'Amore of Waterfield Farms. "They need three or four growers working together to supply them in order not to let them and their customers down."

Finally, because hydroponic growers are small growers, they find the restaurant industry's 60 to 90-day payment schedule very difficult to live with, especially when distributors and supermarkets usually pay their bills within 14 days.

Getting in touch with growers

Getting in contact with local hydroponic growers can be extremely diffi-

cult, despite the fact that most hydroponic growers welcome the opportunity to do business directly with restaurants. In fact, most are ardently trying to develop new clients, and some have even installed an 800 toll-free phone number.

Because hydroponics is still a fledgling industry, there is no one source or directory that lists hydroponic growers. The closest "directory" is the ads in *The Packer*, the national weekly business newsletter for fruit and vegetable growers published by Vance Publishing Company. Single issues of the newspaper cost $1.00. Subscriptions are $37.50 per year. To order copies, contact *The Packer* at P.O. Box 2939, Shawnee Mission, KS 66201.

Another source of information about hydroponic growers is the local produce wholesalers, particularly those who carry a line of specialty produce.

Hydroponic growing within the restaurant

Some restaurants have installed their own hydroponic gardens. Using a

Beginning a list of hydroponic growers

Because there is so little information on hydroponic growers, here are a few leads based on interviews in the field.

- **Big firms.** There are a number of big firms getting into hydroponic operations. Archer, Daniels, Midland Company (ADM) in Decatur, IL; Weyerhaeuser in Tacoma, WA; Campbell in Camden, NJ and Louisiana Pacific in Portland, OR are considered the four corporate giants in the field. ADM, for example, is the largest hydroponic supplier of lettuce in the Midwest, harvesting 34,000 to 40,000 heads of lettuce each day in summer, and 25,000 a day in winter—astonishingly on only 10 acres of land!

In five years ADM has grown from one acre of greenhouses to 10 acres. Nine produce lettuce; the tenth grows seedless cucumbers and herbs. The product, shipped in one day to its final destinations, is available 52 weeks a year. The cost fluctuates with market prices.

- **Mid-sized greenhouse operators.** Some experienced hydroponic growers have found that working with a larger company can help build their own business. A good example is Waterfield Farms in Rapidan, VA. In addition to the 7½ acre operation owned by Weyerhauser, 28 other local hydroponic greenhouse operators, located throughout Virginia, work with Waterfield Farms to create a larger network.

Another medium-sized hydroponic grower is Indian River Greenhouse in Fort Pierce, FL. Indian River is a complex of 25 greenhouses linked together on 13 acres—7½ acres of European cucumbers and 5½ acres of tomatoes.

The naturally available heat and sunlight were key factors in Indian River's decision to grow tomatoes—its hydroponic tomatoes actually grow 25-feet tall and are hand-picked. The tomatoes are wrapped on a string which is raised and lowered to pick the fruit, but the same plant continually blossoms and keeps on producing tomatoes throughout the eight-month season.

- **Smaller independents.** There is room in the field for the smaller operator as well. Within the busy confines of New York City is Hydroponic Systems, Inc., a one year-old, fledgling business managed by Michel Avital. Hydroponic Systems is a single greenhouse operation in the Astoria section of Queens (NY). Hydroponic Systems is successfully growing basil and other popular herbs, such as French tarragon, mint and oregano as well as some tomatoes in winter.

In Millersville, MD, Chesapeake Hydroponics, another single greenhouse operation, grows watercress and mint. Owner Alan Philip sells his product to several Washington area supermarkets and to distributors Hearn and Kirkwood who then resell it to restaurant customers. Philip is enthusiastic about hydroponics and believes it is "the true answer to urban agriculture."

system built by Hydroponic Systems in Canada, William Deweese, sommelier at the Waldorf-Astoria Hotel in New York, NY, has been growing fresh herbs in a 14 by 28-foot basement room of the hotel for nearly three years. With the help of published literature and the advice of the Brooklyn Botanical Garden and its engineers, Deweese has made a continuing success of his miniature hydroponic garden. Today, Deweese uses three complete systems, which include twelve, 24 by 16-inch growing tubs. "Basically, the system uses an aquarium-type fish pump and fluorescent lights with tubs stacked vertically," explains Deweese. The hotel's chefs consult Deweese when they plan menus to make best use of available herbs. Currently Deweese grows fresh dill, tarragon, rosemary, marjoram, basil, sage, chervil, savory, thyme and oregano.

"The initial expense for the project is great, and you really have to like gardening," explains Deweese, "but in the winter—when I can harvest a bushel of basil a week and it sells for $4.00 a bunch, and the hotel uses 25 bunches—it does seem cost-effective." Deweese maintains that care of the system only takes a few hours a week to check and maintain nutrient levels in the reservoirs.

Fresh basil was also the impetus for JP's Eating Place in Chicago, IL (100 seats), to purchase a small hydroponic system developed by Hydroponic Technologies in Chicago. Called "Green Acre," the unit is only two-feet wide, five-feet long and six-feet high, but it can grow as many as 540 plants on a continuing basis. According to Michael Cohen, general manager for JP's, the restaurant grows almost two pounds of basil each week for its pesto, its cioppino and occasionally for a basil butter for its fish dishes. "This has meant a considerable savings," attests Cohen.

James Gibson, president of Hydroponic Technologies, estimates that a restaurant using 200 ounces of basil a month can recover its initial investment of $1,650 for the grower within 10 months.

Cohen agrees that the machine, which is in the restaurant's basement, takes very little work. "All I have to do is read the meter occasionally to know when to add nutrients. The whole process probably only takes 10 to 15 minutes.

"Occasionally, every four or five months, I have to replant because the basil plants get too woody and tall and don't produce as many leaves. So I start new seedlings on one shelf and harvest from two shelves," says Cohen."

There also are restaurateurs who buy a greenhouse system as an investment and tax write-off. One such operator is John Grisanti, president and owner of two John Grisanti Restaurants in Memphis, TN (300 seats in one restaurant, 185 seats in the other). Grisanti began hydroponic production eight months ago. First, he joined the 5,000-acre hydroponic Agricenter owned by Shelby County, renting space for about $20 a year. Then he invested $68,000 in a franchise greenhouse system to grow Boston bibb lettuce.

This system, called AquaGuard, was developed by International Marketing Associates in Memphis. Not only does it include a kit for a 60 by 96-foot greenhouse and all necessary growing equipment, but it also provides for four days of training, on-site help during the first critical phases of transplanting and harvesting and marketing pointers.

To finance the project, Grisanti borrowed $60,000 from a leasing company. Each month he pays $1,510 on his 10-year note, and pays a $414.70 maintenance fee to the greenhouse. But he is in the black because he rents the greenhouse to a grower for $2,440 per month, for a net profit each month of $406.04. But more importantly," notes Grisanti, "my accountant tells me I can write off approximately $6,000 a year because I have invested in an agricultural enterprise.

"As an investor in the project, I was not required to buy the lettuce, but I do regularly, and I am very pleased with the quality," Grisanti reports.

In sum

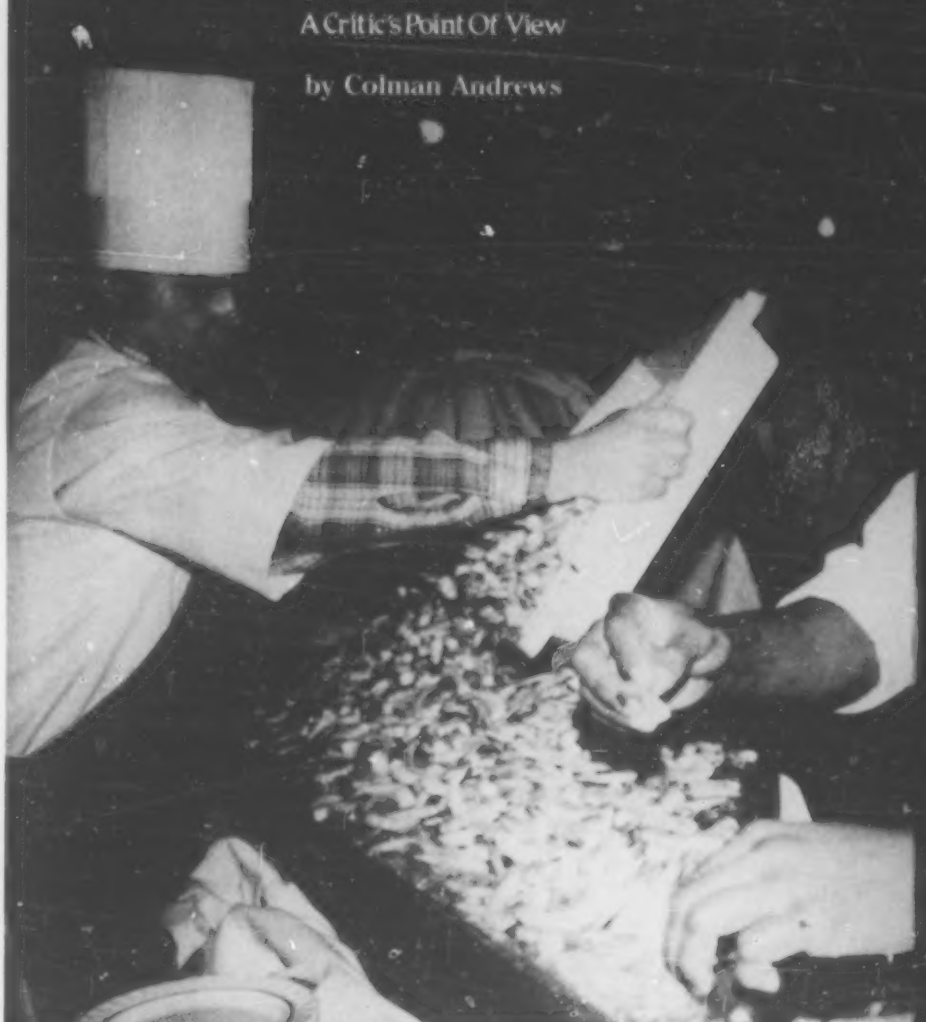
Although only a small percentage of today's produce is grown hydroponically, hydroponics is expected to gain in importance in the decade ahead as demand for year-round, high-quality produce increases. ❑

SEAFO

IN THE AMERICAN RESTAURANT

A Critic's Point Of View

by Colman Andrews



A huge shrimp boat was just one of many seafood dishes served at a seafood gala for more than 1,000 guests at the Buena Vista Palace in Orlando, FL.

I don't know much about the seafood industry, but I think I do know a thing or two about restaurants and about why people eat what they eat when they visit them. And from that point of view, I think I know why the delectable creatures of the rivers, lakes and seas have lately become so very popular with this country's *Yaddie* (Typical Young American Diner) population. Concern for health and for lightness in things we eat (as in the things we drink) is doubtless part of the story.

But I think two other factors are even more important: The first is the dramatic increase in the variety of fish and shellfish available in America today. (Menus which used to list only sole, swordfish and salmon now commonly have fresh sheets with dozens of entrees.) This variety has, I'm convinced, stimulated both customers' appetites and chefs' imaginations.

And that ties in neatly with my second factor: I think people are eating more fish and shellfish today because people who cook it—or who tell us how to cook it—are constantly getting better and more imaginative.

The quality of seafood sold today might or might no be higher overall than it was 10 years ago—as I said, I don't know much about the industry—but the quality of seafood preparation has, in my opinion, improved wonderfully.

Anything goes

I spoke to a handful of America's top young chefs and restaurateurs recently to find out how they were using fish and shellfish these days—how they were helping *Yaddies* enjoy these lovely pleasures. Three things became immediately apparent from my conversations with them: First, the philosophy of supply varies greatly among these masters of contemporary cuisine. Second, rightly or wrongly, they steer clear of frozen fish or shellfish in any form—and they pay very close attention to the freshness of what they buy. And third, the old rules have long since been forgotten when it comes to recipes for cooking seafood. The old bets are off. Anything goes—as long as it tastes good, of course.

Consider some of the items being served at Jams in New York City, NY, for instance. Chef and co-owner Jonathan Waxman—formerly of Berkeley's seminal Chez Panisse and Santa Monica, CA's, highly rated Michael's—rewrites his menu every week or two and features numerous daily specials. When I spoke to him he was presenting, among other things, little skewers of grilled shrimp with sliced new potatoes and melted *bufala* mozzarella and a roasted pepper *concasse;* a brochette of Maine scallops on a bed of *haricots verts* and julienned Roman mushrooms; shad roe with deep-fried capers and parsley; a grilled gravlax salad with cucumbers, orange and grapefruit segments and basil; crabmeat cakes on a bed of raw mustard greens with red and green peppers; and—one of

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OOD

Seafood Leader

Waxman's own favorites at the moment—an arrangement of Maine lobster, poached and then briefly grilled with butter, with fava beans, broccoli flowerets and zucchini blossoms.

Use of domestic supplies grows

When Waxman started cooking at Michael's in 1979, he remembers, "We bought all our fish from France; so did every other good French restaurant in town. Then, from about 1980 to 1983, everything came from New York and then, at the end, from New Zealand. After that, all of a sudden people started discovering that California had fish, too. And albacore, various kinds of local rockfish and so on started showing up."

Today, in New York, Waxman prefers to use East Coast seafood almost exclusively. "We buy a lot from a woman named Ingrid Bengis in Deer Isle, Maine," he says. "She has very good scallops with roe, and we get incredible lobsters from her, about 24 hours out of the water. The flavor is just crazy! You pop 'em out of their shells, and it's just like being on the beach." Bengis also supplies top-quality mussels to Jams, Waxman adds. "She hangs them off her boat in the harbor in burlap bags for a few days," he says, "so they disgorge all their sand."

Jams also uses European flat oysters from another Maine-based purveyor and soft-shell crabs from Maryland. "For a while," says Waxman, "I kept Dover sole from the English Channel on the menu. But now I'm finding that my customers really want seafood from around here. About the farthest they'll go is red snapper from South Carolina and tuna or pompano from Florida. Other than that, they really prefer the local stuff."

Traditional restaurants also benefit

Marcel Desaulniers, executive chef at the popular Trellis restaurant in Williamsburg, VA, can't be quite as adventuresome as Waxman in his recipes. "We have a lot of tourists here, and people with traditional tastes," he explains, "so we can't be too far out. We do try to do interesting things with our garnishes, though." That translates to seasonal dishes like soft-shell crabs on a bed of fiddlehead ferns with toasted almonds and brown butter; or grilled and marinated soft-shells with a julienne of sweet peppers, zucchini and leeks; sauteed crabmeat with a chiffonade of spinach and strands of zucchini cut on a mandoline to resemble pasta; shad roe stuffed with crabmeat and seasoned with a dice of thick-cut, hickory-smoked bacon; grilled flounder ("Flounder is very big in this area"); Florida grouper with grilled tomatoes and a julienne of country ham and fresh tarragon; and Northwest pan-size coho salmon with sauteed scallions and fresh wild mushrooms.

"I think people are eating more fish and shellfish today because people who cook it—or who tell us how to cook it—are constantly getting better and more imaginative."

Desaulniers likes to buy from local purveyors whenever possible, though he also deals with New York suppliers from time to time. "There's a big Virginia scallop industry, for instance," he says. "That means I can not only get a lot of good, very fresh scallops but also a lot of great monkfish, which is an incidental catch at a very low cost." He adds, "You'll find a long list of skewered monkfish dishes among our specials."

The chef also speaks highly of local York River catfish, which he calls "fabulous"—though it doesn't sell anywhere near as well as a popular fish like flounder, he notes. Other local fish that he's been getting lately include sea trout, bluefish and tilefish. "And," he adds, "I recently got some tautog (black sea bass) caught off the shelf here. I'm from New England, and I was familiar with the fish from up here, but I'd never seen it around here before. It was great."

Local supply varies with region

When he was chef at the American Restaurant in Kansas City, MO., Bradley Ogden had to work hard to get a good selection of quality fish and shellfish. "We did have good local catfish and bass and excellent fresh Ozark trout," he recalls, "and I was able to get a lot of other things out of Boston. But it was hard to get good stuff regularly. It's a lot easier now."

Ogden is now chef at the elegant Campton Place Restaurant (in the hotel of the same name) in San Francisco, CA. He patronizes local suppliers these days but buys things from all over the country. "We've been getting great shad roe and soft-shell crabs. We get whitefish and perch and walleyed pike from Michigan. We've just had some superb

white king salmon from Alaska. . . . You name it, and we can get it."

Among Ogden's specialties are soups of oysters and corn and of summer squash and lobster; Alaskan prawn and Maine lobster sausage with tomato vinaigrette; brown spotted trout from Colorado, smoked in-house and served with fiddlehead fern relish; deep-fried Monterey squid with fried parsley and spicy remoulade sauce; and roasted Rhode Island sea bass with artichokes and corn.

Foreign supplies preferred by some

Conversely, at least one highly acclaimed young American chef, Ken Frank of La Toque in Los Angeles, CA, eschews his own country's seafood. "I have a very good supplier in France, in Brittany," he says, "and the stuff I get is just exquisitely good. There's no two ways about it: French seafood is just the best that money can buy. And with the exchange rate so favorable for us, the prices are very competitive. Anyway, I'm not really into blackened redfish, grilled halibut with mint and chiles and that sort of thing. I tend to use a lot of turbot, Dover sole, John Dory, *loup de mer, rouget, daurade* . . . I get great fresh frog legs, too. My shipment comes in once a week, and I get lettuce, mushrooms and some other produce in the same load."

One domestic item Frank does use is Santa Barbara shrimp—but, he complains, "The supply is very inconsistent, and it's very expensive right now." He uses the shrimp, when he can get them, to make what he describes as "about my most popular seafood dish." He butterflies them, tops them with a bit of sea urchin roe and lemon juice, then bakes them briefly on a buttered tray. Another equally simple Frank specialty is frog legs, breaded and fried, with lime and tomato butter. Slightly more complex is the dish he calls *selle de lotte a la creme de bourride*, roasted and sliced monkfish with a reduced cream and fish-fumet sauce inspired by the fish stew called *bourride* and highlighted with a bit of *rouille*, the spicy Provencal garlic-and-red-pepper mayonnaise. ("Lotte is the one fish you can slice like meat," Frank says. "I think of it like tenderloin because it has about the same shape and firmness.")

Freshness, not source, dictates

Piero Selvaggio, dynamic proprietor of Valentino in Santa Monica, CA, is determinedly cosmopolitan when it comes to buying seafood. Since his restaurant is Italian (the best Italian in the country, according to some critics), he imports some seafood directly from Italy—baby octopus, small cuttlefish (the ink is used frequently in risottos and pastas at Valentino), *spigola* (sea bass), baby clams, to name a few. Most of it comes from the Adriatic and is shipped to Los Angeles via Milan and New York. Selvaggio gets several crates of such items every Wednesday. "But," he confesses, "freshness is a problem. I can't use a lot of what I get. I take risks." To get better-quality Italian seafood faster, Selvaggio currently is trying to set up an agreement with several other top Southern California Italian places to direct-import specialty items through Pacific Seafood in Santa Monica.

Meanwhile, though, Valentino also uses oysters, *lotte*, and *loup de mer* from France; orange roughy, scallops, clams and green-lipped mussels from New Zealand; Hawaiian and ("when I can get it") Santa Barbara shrimp; Northwest salmon; and Baja California tuna and, occasionally, swordfish. In other words, he seeks out the best he can get without arbitrarily limiting himself to one source or another.

And what do Selvaggio and his team of young Italian chefs create from the seafood they buy? Not the usual deep-fried squid, spaghetti with clam sauce, and "shrimp scampi." Instead, look for such Valentino specialties as jumbo scallops wrapped in radicchio leaves with sweet peppers; a "sashimi-type" orange roughy salad with baby scallops and julienned greens; black tagliolini pasta with lobster and tomatoes; risotto with scampi tails and zucchini blossoms; mussel ragout with white wine and assorted wild mushrooms; sea bass fillet with tomato sauce, and simply steamed Florida red snapper. ("We try to explain that fish like this has to be cooked whole, and that *al vapore*—steamed—is one of the best ways to cook fish because it preserves all the moistness and flavor.")

In general, says Selvaggio, finding the finest, freshest seafood isn't always easy. "But," he says, "If you work a little harder, there's no limit to what you can do." ❑

SAUTEED CRAB WITH ZUCCHINI, SPINACH, BROCCOLI & CREAM

serves 8

1 pint heavy cream
2½ lbs. fresh broccoli
2 lbs. fresh zucchini
1 10-oz. package fresh spinach
2 lbs. lump backfin crabmeat
10 Tbsp. butter
3 Tbsp. water
salt and pepper to season

1. Place cream in a heavy-duty sauce-pot over medium heat. Bring the cream to a simmer, then reduce heat and allow cream to reduce by half of its original volume. This will take approximately 45 minutes.

2. Trim the stems from the broccoli. Quickly blanch the broccoli tops in simmering salted water. Remove broccoli from cooking water and cool immediately in ice water. Cut the cooled broccoli tops into florets.

3. Lightly peel the whole zucchini; cut the zucchini into long thin strips—about half the width of a fettucine noodle.

4. Clean and wash the spinach leaves. Cut the leaves into thin strips.

5. Pick the crabmeat to remove any remaining shells. Be careful not to break up the lumps.

6. To prepare the dish, saute the zucchini and spinach together in three tablespoons of butter, seasoning with salt and pepper. In a separate pan, saute the crabmeat in four tablespoons of butter, seasoning with salt and pepper. In yet another pan, saute the broccoli florets in three tablespoons of water, seasoning with salt and pepper. When all items are hot, assemble the dish.

7. In the base of a pasta plate, arrange the zucchini and spinach along the outside edge. Place the broccoli florets facing outwards in a circle in the center of the plate. Inside the ring of broccoli, place the crabmeat. Ladle one ounce of reduced cream over the zucchini and spinach. Serve immediately.

—Trellis

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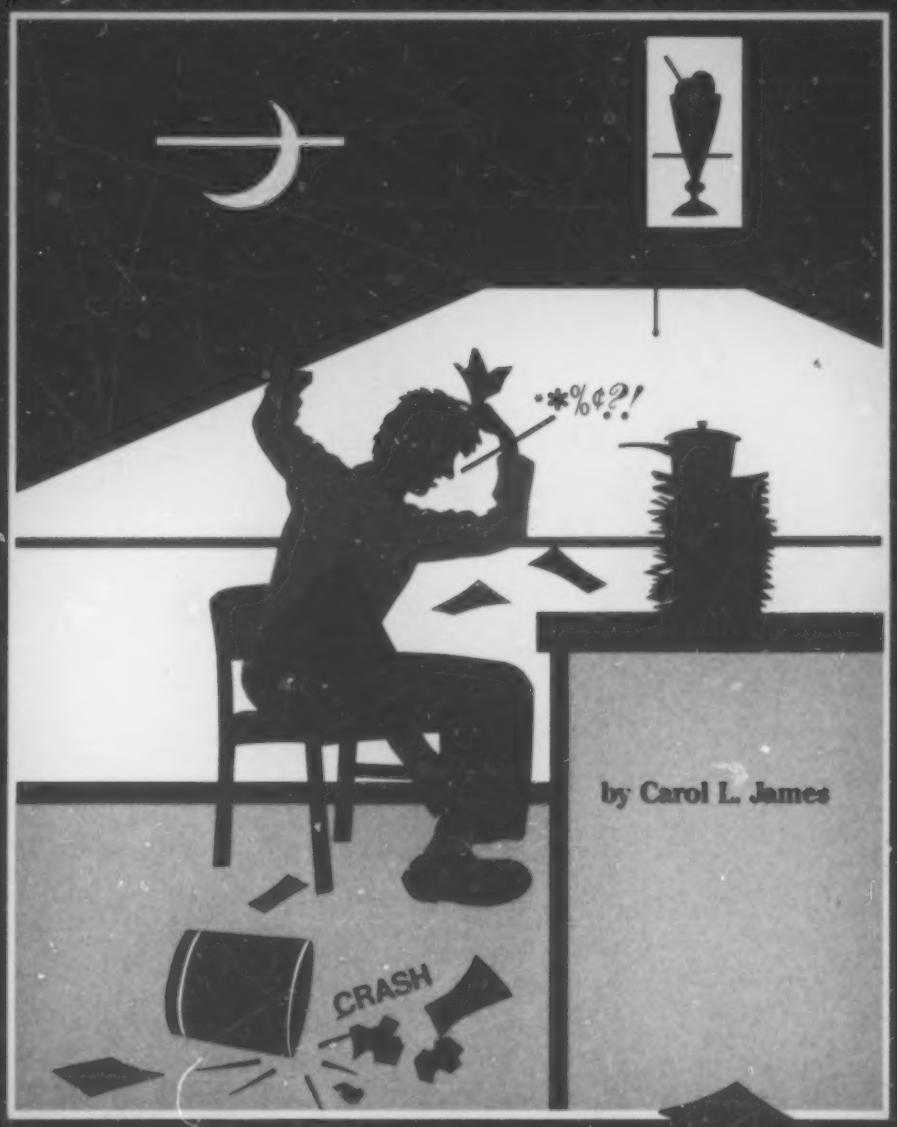
COMPUTERS

Foodservice is Falling Behind Supermarkets



by Carol L. James

Both in sales, restaurants of America have been outhighlighted by supermarkets. Highly organized computers with thousands of data cells collect and process Universal Product Codes (UPCs)—a set of printed lines to be read by electronic product scanning equipment—and the Uniform Communication Standard (UCS), for placing orders electronically by telephone. Supermarkets have learned well to exploit microcomputer literacy; they are now using it to their advantage.

Supermarkets now use computers to keep track of just about everything. Computers help supermarkets cut costs, point their buyers at the most prof

The Computer Solution to Inventory Control

by Michael L. Kasavana, Ph.D.

When restaurateurs are asked to indicate the single most important automation application for their businesses, they typically reply, "inventory control." Despite its apparent importance, inventory modeling is the least uniform software application across foodservice computer systems.

The identification, implementation and operation of an effective computerized inventory system is a perplexing problem. The fact that systems differ in capacity, concept design and accomplishment should be a signal for management to pay close attention to potential problem areas during system selection.

Systems that do not employ integrated files, for example, will necessitate a high level of manual support to operate efficiently, undercutting the benefits from automation. While some system failures may be attributed to poor training and documentation, more difficulties arise when systems are transported directly from other industries. The foodservice business, with its unique inventory characteristics, usually cannot be appropriately modeled by a transposed package. Special care should be taken when applying a generic, or foreign, scheme to the foodservice environment.

Michael L. Kasavana is professor and acting director of the School of Hotel, Restaurant and Institutional Management at Michigan State University in East Lansing, MI.

Potential problems

In the evaluation of automated foodservice inventory control systems, there are at least three major areas of concern: ingredient definition, concept standardization and ease of system use.

(1) Ingredient definition. Because most ingredients are purchased, stored and applied in differing units, the data files must be structured to allow for the interrelation of varying measures by encompassing the varying units of individual items. In other words, because items may be bought by *purchase unit* (such as a case), stored by *issue unit* (such as a #10 can) and used by *recipe unit* (such as an ounce or a cup), conversion capabilities are necessary. By knowing, for example, that a case may be broken into six #10 cans, each containing 108 ounces, an operator can do purchase analysis, recipe evaluation, pre/postcosting, purchase order preparation and inventory control based on a common denominator. Without such conversion capabilities, the tracking of goods from purchase to production to service to settlement to replenishment becomes a tedious, cumbersome procedure. (Note: Some systems use an ingredient data file which may appear to be independent of the inventory system but may not be, depending upon the integrated design of the software.)

(2) Concept/standardization. While the terms "inventory usage," "inventory variance" and "inventory valuation" are fairly common to foodservice management, they do not have the identical meaning in all computer software systems. *Inventory usage* normally defines the change in inventory level from one point in time to another (the depletion of stock on hand). While most restaurateurs depend on an accurate tracking of this data, there can be variation in computation, reporting and subsequent use. Is food considered "used" (for costing purposes) at time of receipt, at time of issuance to kitchen or at time of service? While each of these time frames presents a different result, the one most desirable to a particular operation may not be the one built into the selected system.

A second important concern in the determination of usage is the basis for information. In other words, is usage charted by unit, by cost or by both? A system that charts only by unit will display changes in stock levels but not provide financial data for food costing. A system that keys primarily on product cost will not enable quick spot checks of inventory or eventual reconcilement between perpetual and physical inventory levels. The best approach appears to be a system that reports by both unit and cost consider-

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itable items to stock and give them an edge on becoming first-class marketers. As a result of information they glean from their computers, supermarket chains are hard at work customizing the stock on their shelves and designing stores to reflect local neighborhood tastes and demands.

Increasing computer adaptation is a major reason why supermarkets outstripped foodservice in real growth in 1985 for the first time since 1980. Fortified by computer-driven information, they are hungry and equipped to eat into an even bigger share of the consumer's food dollar.

Carol L. James is a Washington-based writer and communications consultant to food system companies.

Foodservice lags behind

Foodservice is not anywhere close to this level of technological sophistication. "In the foodservice business, we are really playing catch-up ball," says Gil Kretzer, executive director of the International Foodservice Distributors Association, Falls Church, VA.

Because the restaurant industry faces increased competition, it needs to look after its own assets by becoming more efficient. Some vendors, distributors and fast food and tablecloth restaurant operators are already taking strides to adapt to an increasingly high-tech environment.

ations. Too often operators claim that the installation of their computer system dropped their food cost percentage by three to seven percentage points. The truth is that the system probably computes food cost data using a different formula (algorithm) than the one they used prior to computerization.

Similarly, *inventory variance* requires a system that contains proper ingredient definitions, enables key ingredient summaries and facilitates a streamlined inventory update. Ingredient definitions are concerned with the varying units of an individual item (see #1). Key ingredient summaries (not available in all systems) are a technique for coding special high-cost ingredients so frequent spot checks can be made. At the end of a meal period, for example, the number of steaks and lobster tails which should be on hand (difference between starting inventory and number sold) will be automatically reported for verification. This places inventory control close to the point of transaction and has been shown to be effective for restaurants with high degrees of variance.

Inventory valuation is an area that most operators ignore when reviewing an inventory control system. The fact that systems may extend inventory counts by purchase price, average price or current price receives little or no attention in the selection process. While some vendors may argue that inventory valuation is of slight monetary consequence, there is little evidence to support this claim. Do you know how much your inventory is worth? Are recipe units converted into issue units and then converted back into purchase units for valuation? Does your restaurant use a FIFO (first in, first out) pricing scheme to compute costs/values? While some systems allow restaurateurs to configure their own accounting parameters, operators are not always aware of these features or their consequences. Care should be taken to ensure that the system's valuation approach closely parallels a restaurant's pre-computer procedures.

(3) Ease of use. The largest factor when considering a computerized inventory control system is the need for creating, updating and maintaining data files. Since restaurants tend to stock about 1,500 products for use in 300 recipes, there is an understandable hesitancy on the part of the user to undertake such a laborious task. Restaurant purveyors, however, are an incredible source of product line data and can really shortcut the input process. Some systems provide file space for more than one ingredient designation (item file code number, inventory sequence number, internal customer code, etc.), which can also aid overall system functionality. The ability to print ingredients on a physical inventory worksheet (by the order in which they are shelved), to pinpoint economic reorder quantities and to investigate lead and lag order times are examples of how the system now can save time once the inputs have been made.

Be sure the data files are easy to update to ensure accurate, up-to-date information.

Selecting the right system

The selection of an inventory control system is dependent upon both file size and capacity. Systems should enable users to develop conversion tables (by purchase unit, issue unit and recipe unit) for individual items. The absence of sufficient conversion data will greatly inhibit the system's ability to accurately track ingredient movement and will necessitate cumbersome manual procedures to augment automated processes. This tends to be a limiting feature for some systems in the marketplace today.

Inventory concepts must be reviewed for vendor-specific definitions. The use of a known phrase doesn't assure a restaurant that the formula used adheres to industry standards. The best means to determine what different inventory packages do is to employ a set of test data. The same data should be used to compare packages. Be aware that not all systems use identical techniques by which to process data. There is an apparent absence of standardization.

Operators are encouraged to keep the following questions in mind when evaluating inventory control modules:

1. Is the file capacity sufficient? Every ingredient will need to be captured and stored in a data file.

2. How thorough are ingredient definitions? Each product should have its unique units (purchase, issue, recipe) in a unique conversion table.

3. Is the system easy to operate? Easier-to-use systems are more likely to be used properly. A major drawback to system adoption typically is ease of use.

4. Is the system integrated? Non-integrated software will need manual procedures to work effectively, which may negate many of the system's potential benefits.

5. Does the system make sense? Prepare a sample set of data for system testing. Use the inventory package and track the flow of information from input to output. Be sure the product is logical and reliable. ❑

Distributors, vendors help

The partnership between the supplier and the restaurant is solidifying. Suppliers are trying to become one-stop shops by expanding their lines to satisfy all restaurant needs. They are recognizing that their own success is determined by how well the restaurant operates. Suppliers hope that a closer working relationship will result in restaurants shopping around less. One way progressive distributors and vendors are moving to assist restaurateurs is by offering leased computers and tailored management software programs.

Kraft Foodservice was the first company to start evaluating restaurants' needs in this area a year and a half ago. According to Kraft Foodservice Marketing Manager Susan Miller, "We wanted to find a value-added product or service that would make us stand out and serve the customers better." A survey of restaurateurs found them lacking controls necessary to operate efficiently and having insufficient time to manage their businesses, despite working 16 to 18-hour days. Automation seemed to be the answer.

While Kraft's surveys found restaurateurs open to the concept of computerizing their businesses from front end to back end—beyond the Point of Sale (POS) systems, "restaurateurs didn't have a lot of familiarity with how to put the pieces together," says Miller. "They

didn't want to have to go out to Computer Land and evaluate computers or read *PC Week* to figure out what software they needed. We saw a real niche and a real service we could offer."

Working in tandem with Applied Control Systems Inc., a software development firm in Research Triangle Park, NC, which specializes in the tableservice restaurant industry, Kraft developed a food management software package to run on IBM personal computers. Kraft rebates part of the monthly $350 to $450 lease fee based on purchases of Kraft products.

Beyond Kraft, several other major food companies are developing these types of systems. "It won't be an overnight thing—it will be over the next five to 10 years," says Pat Dolan, audit manager—wholesale distribution, Arthur Andersen & Co., Chicago, IL.

Restaurants take action

While it is apparent that suppliers are gearing up to help tableservice restaurant operators enter the information era, some restaurateurs are proceeding on their own to computerize their operations.

Nearly all quick service operators are fully computerized. But currently only 25 to 30 percent of the tableservice sector of the restaurant industry is computerized in both the front and the back of the house. About 75 to 80 percent, however, have computerized POS systems.

Those that are fully computerized are primarily using computers for accounting, inventory control, payroll, menu analysis and financial analysis. The trend now is to integrate all of those functions into one overall system and one application to permit better analysis and control. Nonetheless, very few restaurants are doing the kinds of sophisticated information analysis that is comparable to what sophisticated supermarkets are now able to do.

Without computers, it can take "40 bookkeepers a month" to churn out the figures, says George Berkowitz, president of Legal Seafoods, a six-restaurant chain in Boston, MA. He is convinced that restaurateurs doing a volume business need the kind of up-to-the-minute information computers can provide to make informed management decisions. He is in the process of expanding and further integrating the functions of his computer system.

Robert Grimes, POS coordinator for The Marriott Corporation, Washington, DC, and a member of the management information systems advisory committee of the National Restaurant Association, agrees. "You have to have the right menu combination so you get the kind of profits you want to make. The only way to do that is to know the cost of each individual item and what percentage of the total sales each individual item has."

Grimes, a computer specialist, says the computer industry itself is part of the reason that restaurants lag behind the supermarket sector in adapting the technology. Computer companies prefer large-quantity sales to industries capable of using standardized software.

Customized software for foodservice

"The typical cycle is for computer companies to bring out software for retail (mass merchandisers), not the food industry). After a couple of years, then, finally, they go to supermarkets and to fast food operations—usually the chains. Later they go on to fine dining and hotels. It always goes that way. The difference now is that there are companies that only make products for the foodservice industry, but they are small ones," says Grimes.

Foodservice generally is a more complex industry to computerize than supermarkets and other types of retail applications. Designing software to handle the nuances of tableservice applications—such as "one margarita, extra salt, squeeze of lime, light on ice"—is quite complicated. "If you get a case of tomato sauce in a grocery store, there is little shrink—but in a restaurant, a case is not a case. You're selling a different product than you're buying. It is not an exact science," says Grimes.

But, within the past several years, a number of companies have risen to meet this complex challenge. Firms such as Applied Control Systems have sprung up specifically to serve the tableservice restaurant market niche—concentrating on establishments with sales as small as $200,000 yearly. They are ironing out the intricacies of tableservice software into what users attest to be very smoothly functioning systems. And, they are present in ever-increasing numbers at industry expositions such as the Annual National Restaurant Association Hotel-Motel Show.

Why computerize

Most of these companies believe that this is the time to computerize, and they cite a number of reasons: Mini and micro-computer costs have dropped dramatically and now are well within the affordability of smaller restaurant owners (complete systems can cost as little as $14,000 exclusive of the POS, or, in Kraft's case, less than $10,000). Competition is keener and computers offer better control. Moreover, people—customers, employees, owners and managers—are all more acclimated to using computers and expect to have them around in their daily surroundings. And labor is tougher to find and increasingly more expensive.

According to the Arthur Andersen & Co. study, "Trends in Information Technology" (1984), "Personnel costs have

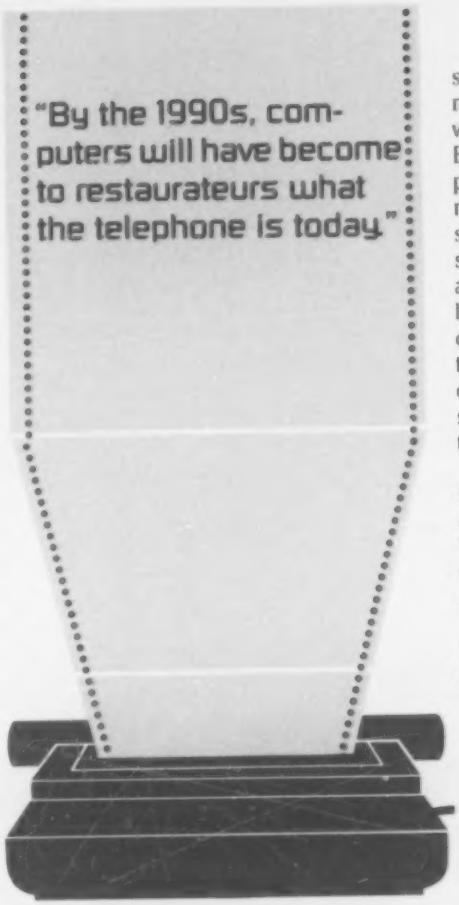
been increasing by seven percent per year. Computer costs have been decreasing by 20 percent per year. Relative to the costs of computer power, people are 20 times more expensive than in 1974 and 400 times more expensive than they were in 1964."

Computers also improve employee performance. "Computers give the employee a new skill and a sense of self esteem, and computerization professionalizes the role of the table server. It markedly upgrades server attitudes toward their jobs," says Dr. Michael Kasavana, professor and acting director of the School of Hotel, Restaurant and Institutional Management at Michigan State University in East Lansing, MI.

Finally, the results of computerization speak for themselves. The small computer vendors just breaking into the marketplace over the past three years produce folders brimming with testimonial letters from pilot restaurants that boast of "50 cents more per cover," "half a turn more" and "bar business doubled."

Don't worry if these new vendors are not IBM, say restaurant computer consultants. "Remember, state of the art has nothing to do with who the biggies are," says Joel Chaban, president of Food ABCS, a food and beverage computer consulting firm in Larkspur, CA.

"By the 1990s, computers will have become to restaurateurs what the telephone is today."



Technology on the cutting edge

Two of the hot new items on the cutting edge of computer technology designed for the tableservice sector are hand-held, calculator-sized computers which allow table servers to transmit orders by radio signal to the kitchen (Validec is the first model in commercial use) and a computer system that uses touch screens at service stations to transmit orders from the service floor to the kitchen (Postech).

"I think our time has finally come. I have been working at this for more than 10 years now, and I was really bashing my head against a wall in the mid-'70s. Finally, it has really become a hot item," says Geoff Johnson, vice president for research and development, Postech, Vancouver, Canada, whose personal computer-based system now is installed in 60 restaurants.

"Computers are being criticized as being impersonal and taking people away from the customer. But it works the other way," says Johnson. "Orders can be placed more quickly, there is far less hassle when bills are presented because they are always accurate and always readable. Now that we are into the world of noiseless thermal printers, we can locate one of these printers right next to the dining table, maybe camouflage it with some plants. The noise is not an issue."

Also innovative is the system developed by Validec Corporation in San Carlos, CA, a company recently purchased by Remanco. Validec is a hand-held computer that allows the server to stand at the table, punch in signals and communicate inaudibly via radio with the cook in the kitchen. From anywhere in the restaurant, the server sends the order to the kitchen, the bar or to salad prep, as each course is needed. Runners can deliver the orders, or, if necessary, the server can leave the floor briefly when signalled that an order is ready.

For a 200-seat restaurant, the pilot-priced system costs about $50,000, says Lewis Berkhout, director of finance for Road House Restaurants, which operates seven California Cafe Bar and Grills. "We expect to see a payback in 18 months. They're soft numbers, but on the basis of our results to date, we've put in two more systems." So far, he has been "pleasantly surprised" with the system's reliability. "It's definitely a 1980s type of machine. Staff on the floor have to be able to respond to the wave of a finger or an eyebrow, and the Validec in our installations definitely seems to provide that."

"Things tend to happen faster out on the floor—maybe five to 10 minutes quicker for your average dinner party. We really don't aim for that, we just want to be able to give better service," adds Berkhout.

The customer is not the only one to benefit from the system. "With our system, the manager can look in on any table and note whether what's on the table has been put on the guest check," says Kay Harris, account executive at Validec. To make her point she tells how the owner of The Waterfront Restaurant (San Francisco, CA) went down a row of tables and found several orders of coffee were not on the guest checks. "When the server was ready to check out, he presented the server with a bill for all those coffees," she says. "That server has not forgotten any coffees since. Those coffees go right to your bottom line. The manager can look into the tables without interfering with the server or the customer."

Limits are unknown

These efforts are only the beginning. According to Kasavana, "By the 1990s, a majority—80 to 85 percent—of the surviving restaurants will be automated to a great extent. By then, computers will have become to restaurateurs what the telephone is today."

What's going to happen to the supermarket business if the foodservice industry really goes high tech and gets even more sophisticated? Says Purdie of Applied Control Systems: "The limits are not yet known about what computerization can do for foodservice—it's going to be able to take a concept, say the best barbecue sauce in the world, mail order it, run and track that order and expand sales. It becomes semi-limitless." ❑

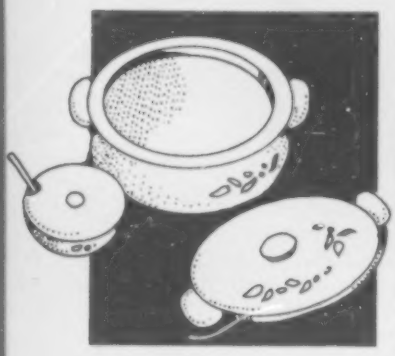
CATERING EQUIPMENT

To Buy, Or Not To Buy

If you think it is cheaper to rent than to buy equipment for a catering operation, this article may surprise you.

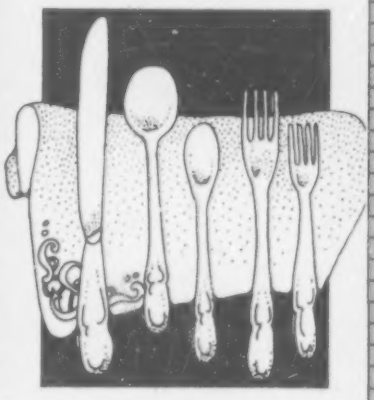
by Bruce Ellis

Whether you should rent or buy equipment for your catering operation depends on your company's needs and requirements. If you are short of capital and/or prefer to spend all of your efforts developing creative menus, then renting may be for you,

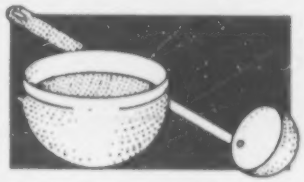


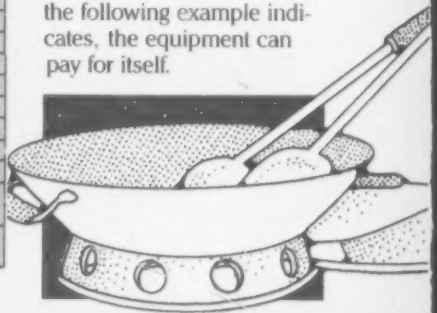
especially if you have several rental agencies in your area that can provide you with a number of different looks.

However, if you want to be self-sufficient and flexible and if you want to do things that will set you apart from everyone else, then buying is the answer. Because the equipment is yours, you can control the quality and provide your customers with one-stop shopping. You also have total control: You do not have to rely on a third party to determine times of rental or the condition of the equipment. And you don't have to worry about replacing any missing items at the last minute. Finally, you can develop a new profit center for your business by going into the rental market. But you must be sure not to leave yourself short by overbooking. Also, there are certain pieces of equipment that you may want to keep for yourself because they give your company its identity, such as ice cream carts, certain centerpieces or props.



It is very difficult to determine at what point you should buy rather than rent your equipment because buying requires a great deal of capital investment. But, as the following example indicates, the equipment can pay for itself.





Bruce Ellis is executive vice president of Ridgewells Caterer, Inc. in Bethesda, MD—a catering company that also rents equipment.

Purchase and rental costs of equipment needed to support 100 people for sit-down French service dinner*

Quan.	Description	Purchase price	Rental price	Quan.	Description	Purchase price	Rental price
	TABLES				GLASSWARE		
4	30" x 30"	100.00	12.00	100	Highball Glasses	70.50	37.50
5	30" x 5'	200.00	25.00	40	Old Fashioned Glasses	28.16	12.00
6	30" x 6'	336.00	36.00				
1	3' x 6'	65.00	6.50		STEMWARE		
10	6' Round	1670.00	60.00	100	Water Goblets	337.00	110.00
				100	White Wine Glasses	300.00	110.00
	CHAIRS			100	Red Wine Glasses	300.00	110.00
100	French-Empire	7815.00	500.00	40	Liqueur Glasses	36.96	52.00
50	Chair Bags	2500.00		40	Brandy Snifter 6 oz.	25.92	14.40
				100	Tulip Champagne	287.00	110.00
	LINENS						
4	2 yd. x 2 yd.	37.20	10.00		PLATTERS—SILVER		
5	2 x 108" Cloths	50.15	40.00	10	22" Oval Platters	470.00	60.00
10	Round Cloth 132"	277.50	170.00	10	18" Round Trays	394.70	60.00
10	Overlays (84" x 84")	250.00	60.00	10	14" Round Trays	320.50	50.00
100	Linen Napkins	110.00	35.00	4	12" Round Trays	93.60	28.00
100	Linen Doilies	60.00	35.00				
110	Tea/Ckt/Napkins	75.00	60.00		CANDELABRA, ETC.		
10	Service Napkins	11.00	3.50	30	Candlesticks—Tall/Short	1485.00	60.00
10	Starting	200.00	100.00				
5	2 x 3 Pads	56.30	6.25		SILVER SERVICE		
10	2½ x 2½ Pads	100.50	12.50	13	Coffee Pots	1209.80	50.50
35	Tea Towels	9.38	13.50	10	Creamers	256.00	17.50
				10	Sugars	245.00	17.50
	CHINA—Glass/White			10	Champagne Bucket	477.70	52.50
	Steplite/Flintridge			3	Revere Bowls, Small	43.20	6.00
100	Bouillon Cups/Saucers	794.00	60.00	12	Revere Bowls, Large	302.40	30.00
200	Dinner Plates	1400.00	70.00	20/20	Sauce/Bls./Ladle/Tray	1098.00	40.00
300	Dessert Plates	1050.00	105.00	10	Bread Trays	127.00	40.00
24	Tea Cup/Saucer	139.68	14.40	30	Salt/Pepper	207.00	30.00
100	A.D. Cup/Saucer	345.00	60.00	5	Water Pitchers	495.00	20.00
	SILVERWARE—Stainless				GLASS ITEMS, MISC.		
100	Bouillon Spoons	164.00	30.00	6	Pitchers	20.10	4.80
100	Dinner Knives	431.00	30.00	72	Ashtrays	18.00	21.60
100	Dinner Forks	211.00	30.00	150	Finger Bowls silver	911.00	100.00
100	Medium Knives	417.00	30.00				
100	Medium Forks	174.00	30.00		INCIDENTALS (RENT.)		
100	Dessert Spoons	174.00	30.00	3	Coffee Maker, 55c	41.25	30.00
100	Dessert Forks	174.00	30.00	1	Carving Rack/Tray Set	9.20	3.00
10	Teaspoons	11.70	3.00	1	Carving Cheese Board	9.00	5.00
100	A.D. Spoons	117.00	30.00	10	Tools—Plastic/Metal	137.50	15.00
30	Service Spoons	67.50	9.00	2/10	Trash Cans/Liners	24.50	14.50
20	Service Forks	63.39	9.00	1-10	Table # Stands—Sht.	181.00	17.50
10	Cheese Knife/Spat./Cleaver	90.00	7.50	2	Carriers—Small/Large	997.50	40.00
10	Tongs, Ice/Sugar/Asp	42.50	10.00	10	Sheet Pans	80.00	45.50
10	Salad Scissors	100.10	22.00	1	Urn—Steel/Gas/Electric	350.00	30.00
				3	Cart—Flat/Hand	348.30	15.00
			GRAND TOTAL: PURCHASING			$31,607.90	
			GRAND TOTAL: RENTAL			$3,349.75	

*Based on the same form used in the accompanying chart.

Purchase and rental costs of equipment needed to support 100 people for a cocktail party

Quan.	Description	Purchase price	Rental price
	TABLES		
4	30" × 30"	188.00	12.00
6	30" × 5'	336.00	36.00
	30" × 6'		
	3' × 4'		
	3' × 5'		
3	3' × 6'	195.00	19.50
	3' × 8'		
	4' × 4'		
	4' × 6'		
	4' × 8'		
	2' Rnd Tables		
6	3' Rnd Tables	282.00	33.00
	4' Rnd Tables		
	4½' Rnd Tables		
1	5' Rnd Tables	69.00	7.00
	5½' Rnd Tables		
	6' Rnd Tables		
	Serpentine (ea.)		
	30"/36" QTR		
	CHAIRS		
	Folding-Vinyl-Gold/White		
30	Folding-Wood-White	525.00	82.50
	Folding-Brown/Black		
	Ballroom-Gold/White		
	French-Gold/White		
	French-Empire		
	LINENS		
	Card Table Cloths		
4	2 yd. × 2 yd.	37.28	16.00
	2½ yd. × 2½ yd.		
4	2 × 108" Cloths	40.12	32.00
1	2½ × 3 Cloths	34.90	15.25
	Round Cloth 90"		
6	Round Cloth 96"	103.26	51.00
	Round Cloth 108"		
	Round Cloth 120"		
	Round Cloth 132"		
3	Overlays (60" × 60")	24.93	15.00
	Overlays (84" × 84")		
	Serpentine Cloth		
6	Linen Napkins	6.00	3.30
	Dmsk. Napkins/Ridgelun		
	Linen Rollies		
	Tea/Cktl. Napkins		
6	Service Napkins	6.00	3.30
	Skirting/Pre-pleated		
8	Skirting	160.00	80.00
	Skirting		
4	2 × 3 Pads	53.04	5.00
1	2½ × 2½ Pads	6.50	3.12
	Serpentine Pads		
24	Tea Towels	6.20	9.00
	CHINA—Gloss/White		
	Simplicity/Wintridge		
	Bouillon Cups/Saucers		
	Dinner Plates		
	Dessert Plates		
100	Bread/Butter Plates	269.00	35.00
	Tea Cup/Saucer		
	A.D. Cup/Saucer		
	Cup/Plate Sets		
	SILVERWARE—Stainless		
	Soup Spoons		
6	Bouillon Spoons	9.84	1.80
	Oyster Forks		
6	Butter Knives	9.84	1.80
	Fish Knives		
	Fish Forks		
	Dinner Knives		
	Dinner Forks		
	Medium Knives		
	Medium Forks		
	Dessert Spoons		

Quan.	Description	Purchase price	Rental price
	SILVERWARE—Stainless		
	Dessert Forks		
	Teaspoons		
	A.D. Spoons		
6	Service Spoons	12.50	1.80
6	Service Forks	13.50	1.80
2	Cheese Knife/Spat./Cleaver	18.00	1.50
	Iced Teaspoon		
	Tongs, Ice/Sugar/Asp.		
	Cake Knife/Server		
	Salad Scissors		
	Chaf. Dish, Spoon/Fork		
	Pour/Punch/Sauce Ladle		
	Serving Trowel		
	Steak Knives		
	GLASSWARE		
	Punch Cups		
150	Highball Glasses	70.50	37.50
	Pilsner Glasses		
48	Old Fashion Glasses	20.16	12.00
	Juice Glasses		
	Beer Mugs		
	STEMWARE—Reg/Crystal		
	Fruit Cups		
	Sherry Glasses		
	Water Goblets		
48	White Wine Glasses	46.08	14.40
	Red Wine Glasses		
	Parfait Glasses		
	Liqueur Glasses		
	Brandy Snifters 6oz/12oz		
	Champagne-Coupe/Fluted		
	Irish Crdee-Stem/Tumbler		
	Tulip Champagne		
	Wine Decanters		
	Seafood Icer w/Liner		
	Waiter Set w/Glass		
6	Magna Grande Glasses	8.40	4.80
	PLATTERS—Silver		
	Tea Trays		
	36" Fish Platters		
	30" Fish Platters		
	22" Oval Server/Pyrex		
	22" Oval Platters		
	20" Oval Platters		
4	18" Round Trays	145.56	24.00
4	14" Round Tray	120.36	20.00
4	12" Round Tray	93.60	20.00
	Trays—Other Sq./Rnd.		
	Base Plates—Sq./Rnd		
	LUCITE		
	15" × 21" Rectangular		
	24" Oval		
	21" Oval		
	Fish Platter		
	18" Round		
	15" Round		
	13" Round		
	Fluted Bowl Med./Lg.		
2/2	Boxes/Rounds (Display)	239.20	20.00
	Ice Bucket—White/Black		
4	Lucite Round Pools	157.00	20.00
	CANDELABRA, ETC.		
2	3-Light	545.60	13.00
	5-Light		
	9-Light—Gold/Silver		
	13-Light—Gold/Silver		
	Candlesticks—Tall/Short		
	Votive Ruby		
	Williamsburg Globes		
	SILVER SERVICE		
	Coffee Service (60c)		
	Coffee Pots		

Quan.	Description	Purchase price	Rental price
	SILVER SERVICE		
	Creamers		
	Sugars		
	Silver Urn (60c)		
	3 gal. Punch Bowl/Ladle		
1	Champagne Bucket	47.77	5.25
2	Revere Bowls, Small	26.80	6.00
4	Revere Bowl, Large	100.80	10.00
6	Compotes—10" Candy	163.44	10.00
	Compotes—3 Tier		
	Supreme Cups		
	Vegetable Dish		
	Sauce Bts./Ladle/Tray		
	Bread Trays		
2	Salt/Pepper	13.80	2.00
	Water Pitchers		
	CHAFING DISHES		
2	2 qt. Round/Pyrex	130.50	20.00
2	3 qt. Round/Pyrex	172.72	25.00
	3 qt. Rect. Casserole		
	5 qt. Oval		
	2 gal. Round		
	2 gal. Rectangular		
	2 gal. 2 Comp. Rect.		
	2 gal. Sterno Grill		
	Crepe Stoves/Pans/Gas		
	Wax/Extension Cord		
	Mini-Stoves Electric/Gas		
	Gas Fuel Cans		
	GLASS, ITEMS, MISC.		
4	Pitchers	14.00	3.20
24	Ashtrays Reg./Ind.	6.00	7.20
	Salt/Pepper Shakers		
	Finger Bowls		
	Salad on the Side		
	Platters 12"		
	1 gallon Glass Bowl		
	2 gallon Salad/Punch Bowl		
	Cigarette Urns—Red or Sq.		
	Creamers/Sugars (set)		
	Ceramic Mug Soup/Coffee		
	Crocks Sm./Lg.		
	INCIDENTALS (R,MT.)		
	Coffee Maker, 55¢		
	Carving Rack/Tray/Set		
	Carving/Cheese Board		
	Wood Salt & Pepper (Set)		
6	Tubs—Plastic/Metal	110.00	12.00
1/6	Trash Cans/Liners	12.75	6.10
	Table #/Stands—Sm./Tall		
	Ice Glow—Sm. Med. Lg.		
	Helmet/Lantern/Net		
	BBQ Grill, Lg./Sm.		
	Fondue Pot		
	Blender—Electric		
	Pewter—Pig/Fish Platter		
	Coat Rack (cap 40)		
	Hangers (wire)		
	Coat Checks (per 100)		
	Ropes/Stanchions		
	Amplifier/Ext. Cord		
	Red Runners (4' × 12')		
1	Carriers—Small/Large	498.95	20.00
16	Sheet Pans	96.00	20.00
1	Lg. Stove, Sm. Electric	359.80	30.00
	Tarts/Trays		
3	Cart—Flat/Hand	348.30	15.00
	Screens		
	Plate Covers		
	Wood Bowls		
	Styrofoam Disks		
	Wicker—Describe		
	SUBTOTAL		
	DISCOUNT %		
	DELIVERY CHARGE		

Quan.	Description	Purchase price	Rental price
	MISC. SALES		
10	Paper Cocktail Napkins	19.44	22.00
	Paper Napkins Din/Lunch		
1	Paper Doilies—3" 12"	7.4	2.50
1	Soap Powd./Bar (12c/@50)	50	50
	Matches (Ridgewells)/Plain		
	Cigarettes, Pkgs/Ctn		
	Cigars		
6	Candles	10.44	6.00
24	Stirrers/Swizzlers	9.36	35.00
200	Toothpicks/Forks (IV)	1.54	9.10
	Stirrers/Skewers		
	Chopsticks		
	Plastic Mugs		
	Styrofoam Cups		
	Plastic Glasses—HB		
	Plastic Glasses—OF		
	Plastic Punch Cup		
	Rest. Stm. (Dr./Wine/Beer)		
	Plastic Knives		
	Plastic Forks		
	Plastic Spoons		
	Plastic Ser. Sp./Fork		
	Plastic Dinner Plate		
	Plastic Luncheon Plate		
	Plastic B/B Plate		
	Disp. Plate 12"/16"/Boat		
1/1	Plastic Roll/Sheet/Tape	1.50	3.50
	Missing Items Charge		
	Torches (One Use)		
	Flowers		
	Tent		
	Sound System		
	Music		
	TOTAL MISC.	34.92	72.10
	TAXABLE SUBTOTAL		
	DC TAX		
	SET UPS—Bar /Cash/Cans		
	Tab/Diet 7 up		
	Soda Water/Perrier		
	Ginger Ale/7 up		
	Tonic Water/Tom Collins		
	Coca Cola/Pepsi		
	TJ/VB		
	Bloody Mary/Whisk. Sour		
	TOTAL SET UPS		
	ICE		
	Cube		
	Snow/Block		
	TOTAL ICE		
	FOOD SALES		
	DELIVERY CHARGE		
	TOTAL FOOD		
	PERSONNEL		
	Waiters		
	Bartenders		
	Waitress		
	Pantry		
	Coat		
	Chef		
	Shucker		
	Supervisor		
	SUBTOTAL		
	ADDITIONAL HRS.		
	Transportation		
	Gratuity		
	TOTAL PERSONNEL		

Missing Items	Kitchen Items
	Double Boiler/Single
	Thermos
	Sheet Pans
	Stainless Steel Pans
	1 gal./2 gal.
	Displays
	Basket
	Skewers
Extra Items	Pyrex Pie Plates
	Birds
	Cake Board
	Roasting Pans
	Ice Cream Chest

Please read contract carefully

The undersigned lessee acknowledges that he has examined the equipment leased and that it is in good condition in every respect. In the event the equipment sustains any loss, damage or destruction while under lease to him, lessee agrees to pay lessor all charges and costs therefor. The undersigned further agrees to accept full responsibility for any injury either to himself or to other persons and/or for any damage to the property of himself or other persons that may result through the use or misuse of the leased equipment, or in any manner whatsoever, from the time equipment leaves lessor's premises until it is returned or picked up. Extra charges will be made to repair damage due to abuse, misuse, overload or negligence. Ridgewells is not responsible for any damage incurred by handling customer's personal property. **Unpaid debts will incur 2% interest monthly plus all costs of collection.**

Equipment is rented on a daily basis. One-half (1/2) of rental fee will be incurred each additional day after _____ Count verified and

Received by Customer _____ Received by _____

Returned by Customer _____ Returned to _____ Statement No. _____

TAXABLE SUBTOTAL	
D.C. TAX	
TOTAL SALES	
TOTAL TAX—D.C., MD., VA.	
BEVERAGES	
GRAND TOTAL: PURCHASING	**$6012.82**
GRAND TOTAL: RENTAL	**$933.27**
DEPOSIT	
BALANCE	

Example

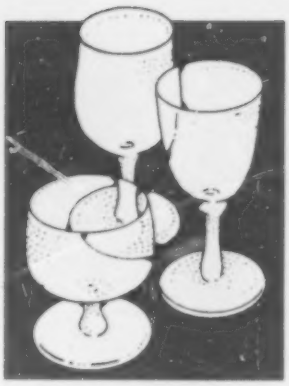
I have broken down the cost of buying and renting equipment for two different functions: one is a sit-down, French-service dinner for 100 people; the other is a cocktail reception also for 100 people. As you go down the accompanying charts, notice the different categories and quantities of equipment needed. These figures are the same for the comparable rentals.

> In our company, rentals represent 38 percent of our business.

The cost of purchasing the equipment would come to $37,720.72. If this same equipment is rented for two dinners and two cocktail receptions each week for a year, the cost of rentals would be a staggering $445,434.08.

Cost to maintain purchased equipment

Of course, it would also cost money to maintain the purchased equipment, and this sum must be added to the cost of the equipment itself. Items to consider include warehouse rental; personnel costs (truck driver, warehouse manager, cleaning staff, bookkeeper, etc.); replacement costs for broken, stolen or lost equipment, (which can be as high as 25 percent of each year's inventory); insurance; utility costs; cleaning supplies; storage containers; trash removal; bad debts and advertising.



In this example, the add-on costs, based on Washington, DC rates, came to approximately $220,000, which is still considerably less than the rental fees. Moreover, there are some advantages I have not figured into my estimate, such as tax breaks and the possible profit that can come from renting your equipment to others. In our company, rentals represent 38 percent of our business.

In sum

So you see, it is a big decision whether to buy or rent your catering equipment. But, if you have the capital and if you think you have the market for rentals, you are better-off buying than renting your equipment. ❑

Editor's note: *This article is adapted from a presentation delivered at the 1985 NRA National Conference on Catering. This year's conference will be held November 16–19, 1986 in New Orleans, LA. For further information, contact NRA's Education Programs department.*

Cheered on by the trade press and brought to life by the entrepeneurs who have made it to the top, catering has become one of the biggest growth areas in foodservice.

Today's lifestyles dictate a prominate role for catering in the years to come. Catering offers opportunity and profit to those who can enter and compete in the marketplace. It's no secret that there are challenges to overcome, but with proper planning, a style of your own and a creative approach to back you up, the market is wide open.

At **NRA's National Conference on Catering**, the ingredients of success come together.

National Restaurant Association National Conference on Catering

Catering

November 16–19, 1986
New Orleans, Louisana
The Fairmont Hotel

Registration
NRA Members $495
Non-members $645
Please note, registration fees do not include hotel accommodations.

At NRA's National Conference on Catering you will learn how to
- build an attention-getting reputation
- increase customer awareness
- boost profit
- create a unique image
- handle the day-to-day business of catering
- use contracts and deposits to your advantage
- overcome liquor liability hassles
- develop theme parties
- discover equipment and service sources
- market and sell your product
- use the computer as a resource
- update foodhandling practices to ensure quality and safety
- hire and compensate your party staff and
- design and price your menu.

—Learn it all from experts who have succeeded in the catering market.

For more information or to register, call NRA Education Programs, 800/424-5156 (toll free) or 202/638-6100.

SAFE Supplement

How to prevent viral infections and chemical poisonings

The only way to prevent viral and chemical illnesses is to prevent contamination by keeping them out of foods.

The heart of the SAFE (Sanitary Assessment of Food Environment) program is using time and temperature controls to limit bacterial growth in potentially hazardous foods. But these controls are not enough to protect against viral or chemically caused illnesses. Viruses do not require incubation time in foods, and many chemical poisons are not destroyed by heating. The only way to prevent viral and chemical illnesses is to prevent contamination by keeping them out of foods.

Viruses

Viruses are very simple organisms, but they cause many diseases—from the common cold to polio. Viruses must penetrate a living cell in order to reproduce. Therefore, they do not multiply in foods. Because viruses can be very resistant to heat and cold, and because fewer viruses than bacteria are needed to trigger a disease, they must be kept out of foods.

One of the most serious foodborne viruses is *hepatitis*, a liver infection. It is chiefly spread by infected workers, contaminated water or shellfish from polluted waters. Other viruses are commonly found in people's noses and throats, and these can be spread through coughing or sneezing. There also are intestinal viruses that can cause vomiting and diarrhea; these are spread by poor toilet hygiene. Your best protection against viral diseases is two-fold.

1. Use only shellfish from approved, inspected, reputable suppliers (and save the shipping tag) and

2. Stress good personal hygiene among food workers. Thorough handwashing is an absolute must after smoking, eating or drinking; using the toilet or after sneezing or coughing.

Institute policies that restrict ill or infected workers from food-handling duties. Employees with minor illnesses might be reassigned until they recuperate, but generally it is best that your sick workers do not come to work. This precaution applies to management personnel as well.

AIDS

The virus which causes AIDS is *not* spread by food. In its November 15, 1985 issue of *Morbidity-Mortality Weekly Report*, the U.S. Public Health Service, Centers for Disease Control, reported, "Because AIDS is not transmitted through preparation or serving of food and beverages, . . . foodservice workers infected with AIDS should not be restricted from work unless they have another infection or illness for which such restriction would be warranted."

For more information about AIDS, contact NRA's Information Service and ask for "Facts about AIDS," a Current Issues Report published by NRA in December 1985.

Chemicals

Many of the common chemicals used in foodservice operations, such as cleansers, detergents, sanitizers and pesticides are hazardous.

Chemical poisoning can range in severity from mild stomach upset to severe chemical burns or nerve damage. Preventing chemical contamination is simple, and, like most SAFE procedures, involves commonsense procedures.

1. Store and use all chemicals away from food and food utensils.

2. Read and follow all label directions. Do not increase use concentrations, and never mix chemicals unless the label tells you to.

3. Never store chemicals in anything other than the original manufacturer's container.

4. Use only food containers for food. Avoid galvanized, metal-glazed ceramic or non-food plastics; acid foods (like fruit juices) can dissolve and absorb toxic materials from this type of container.

5. Keep food-processing machines in good repair, and use only recommended lubricants. Food-processing equipment out of adjustment can drop nuts and bolts into foods. Dull can openers can rip cans and drop metal slices into foods.

6. Store and use employee medications where they cannot spill into foods.

—Robert E. Harrington

Editor's note: *A summary of the SAFE program—Sanitary Assessment of Food Environment—discussed in the April, May, June/July and August issues of* ***Restaurants USA/NRA NEWS,*** *will be available in bulletin form this fall. An educational seminar on the program will start in January 1987.*

NRA sanitation, safety info

If you would like to learn more about sanitation and safety, the following materials are available through NRA.

- **Facilities Operations Manual.** This complete manual outlines the details for facility construction and maintenance, including structures, building systems, foodservice equipment and an energy cost analysis. MG573, 252 pp., three-ring binder, 1986, $15.95.
- **Sanitation Operations Manual.** The information provided in this manual will give you all the information you need to set up a top-notch sanitation program. The manual details the Food and Drug Administration (FDA) standards and includes compliance procedures. MG857, 390 pp., three-ring binder, revised 1984, $19.95.
- **Safety Operations Manual.** This manual provides all the information you need for designing a comprehensive safety program of your own with detailed checklists. MG850, 250 pp., three-ring binder, 1981. $13.95.
- **Sanitation Survival Kit.** This kit, which consists of two bulletins, five charts and one label ("Wash hands before handling food"), is the key to a clean and sanitary environment. Kit tells how to deal with pests, identify and prevent foodborne diseases and maintain food temperatures for safety and quality storage. $9.45.
- **Safety Survival Kit.** This kit which consists of six charts and three labels is the key to preventing any accidents in the restaurant and knowing what to do should one occur. Kit includes first-aid procedures for choking, wounds and burns, proper lifting techniques, handling procedures for potentially hazardous chemicals and much more. $10.45.

All publications may be purchased through the NRA Publications Department by calling (800) 424-5156. Minimum U.S. shipping and handling charge is $2; for orders over $20, add 10 percent. For international orders, the minimum shipping charge is $4. For orders over $20, add 20 percent. All items in the kits may be purchased separately.

1988 U.S. Culinary Team makes its cooking debut

"We have learned a great deal from chefs in Paris, Rome, Vienna and Tokyo, and now they are learning a great deal from us," said John Dankos.

The 1988 U.S. Culinary Team made its cooking debut in the Starlight Roof Room of the Waldorf-Astoria on Thursday, August 14, 1986.

Eighty-five attendees were on hand for the occasion, including directors of the NRA/ACF U.S. Culinary Team Foundation, major team sponsors, many of the nation's leading food editors, broadcast journalists and camera crews from *PM Magazine*, WABC-TV, Independent Network News and the United States Information Agency.

Guests dined on a "gold medal" American luncheon prepared especially by the 14 members of the 1988 U.S. Culinary Team. It featured Salmon Prudhoe Bay (see recipe) and Cornish Game Hen Minnesota Woodsman's Style, two award-winning recipes that recently earned the Culinary World Cup for the U.S. Culinary Team. Also on the menu were Petits Fours, Pear Poached in Saffron Syrup with Rice Pudding Pennsylvania Amish Style, and New England Cranberry and Apple Creme.

Accompanying the luncheon were wines generously provided by the Clos du Bois and Inglenook wineries: Inglenook-Napa Valley Estate Bottled 1984 Chardonnay and Clos du Bois 1985 Early Harvest Gewurztraminer.

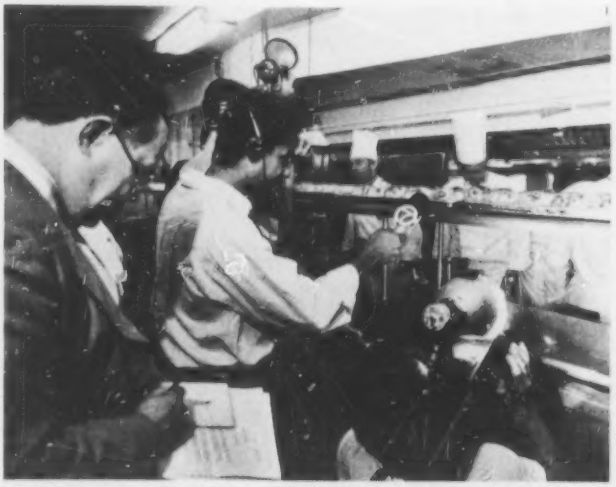
In his welcoming address, Foundation Chairman John Dankos, NRA Past President, said, "The 1984 U.S. Culinary Team showed people in the U.S. and all around the world that American cuisine rates with the best. We have learned a great deal from chefs in Paris, Rome, Vienna and Tokyo, and now they are learning a great deal from us." Dankos cited the impressive performance of the U.S. Culinary Team at the 1984 International Culinary Competition—a total of 27 gold medals, three silvers, two bronzes and two gold medallions.

Following the New York introduction, the U.S. Culinary Team begins a rigorous two-year training period. During this time it will select and refine the recipes that will represent the United States in Frankfurt, Germany, during the International Culinary Competition.

The U.S. Culinary Team, which first entered the International Culinary Competition in 1956, is funded by the NRA/ACF U.S. Culinary Team foundation, a nonprofit organization created by the National Restaurant Association and the American Culinary Federation.

Representing the National Restaurant Association on the board of the NRA/ACF U.S. Culinary Team Foundation are: John Dankos, chairman of the foundation and president of Dankos Enterprises, Inc., Richmond, VA; Ted Balestreri, co-owner of the Sardine Factory, Monterey, CA; Walter Conti, owner of Conti Cross Keys Inn, Doylestown, PA; Thad Eure, Jr., owner of The Angus Barn, Ltd., Raleigh, NC; Harry Knowles, owner of The Manor, West Orange, NJ; and Ernest Royal, owner of Ernie's at Royal's Hearthside, Rutland, VT.

—Dorothy Dee



Photos by Steve Freidman

The press came out to watch the U.S. Culinary Team make its cooking debut last month.

FILET OF SALMON PRUDHOE BAY

Serves 8 to 10

Ingredients: One small salmon filet marinated in white wine, lemon juice, tarragon and chervil. Crepes, phyllo dough and caviar butter sauce.

Assembly: Brush one sheet of phyllo lightly with clarified butter; sprinkle with bread crumbs. Repeat this six times. Place each sheet of phyllo on top of the last.

Cover phyllo with a layer of crepes. Spread crepes with ¼" layer of forcemeat. Place filet on forcemeat. Roll up to completely enclose the salmon filet. Brush with butter. Place on a parchment-lined sheet pan. Bake at 400°F for 20 minutes.

Slice and serve with caviar butter sauce.

Forcemeat

1 lb.	boneless pike filets
½ lb.	boneless salmon trimmings
3	whole eggs
2 cups	heavy cream
	minced dill to taste

Caviar Butter Sauce

½ cup	white wine
½ cup	cider vinegar
½ cup	heavy cream
1 lb.	butter (unsalted)
3 Tbsp.	American caviar

Method: Combine the wine and vinegar. Reduce by boiling until almost dry. Add cream and reduce by one-third. Slowly whip in butter over constant low heat. Add caviar at the last minute. Adjust seasoning.

Industry-wide campaign to stem labor woes

Concerned about labor shortages, turnover and the lack of motivated help? Watch for an October campaign—spearheaded by the National Restaurant Association and 14 other hospitality industry organizations. It is aimed at solving your employment needs today, tomorrow and in the distant future.

#75

Personnel Profiles

Many organizations produce a company brochure which provides information on the history of the firm, the business philosophy that guides everyday practices within the company, the types of business activities engaged in by the firm and so forth. It is also quite common for such a brochure to include some biographical sketches of personnel through which the firm attempts to set forth an image of "just plain, happy and dedicated good folks looking to serve you better." Here are personnel profiles for some people in Hypo Thetical, Inc.

☺ **Credit Manager**
Name: Lohn Wranger
College: Skeptical U.
Hobby: Coin collecting
Lohn has been with us for 27 years, starting out as credit manager. Lohn's favorite saying is, "I simply don't believe it."

☺ **Accounts Payable Manager**
Name: Bill Mhee
College: Pokey Tech
Hobby: President of the local chapter of the Procrastinators' Club
Bill has been with us for 43 minutes. He has previous experience as a hobo. Bill's favorite saying is, "I can't understand why you haven't received it yet."

☺ **V.P.—Sales**
Name: Will Cahl
College: Razzledazzle U.
Hobby: Golf (miniature)
Will recently joined us after having been named member of the year by the National Somnolence League. Will's favorite saying is, "If I can sell them, anybody can sell them." Will has previous experience as a mummy.

☺ **V.P.—Human Resources**
Name: Weva Gotcha
College: Giveaway Tech.
Hobby: Dart throwing
Weva has been with us for six years during which time she has held 24 positions in our company. She has previous experience as a shepherdess. Weva's favorite saying is, "There, there, it will be all right."

☺ **Internal Auditor**
Name: C.A. Sleuth
College: Ketchum Institute
Hobby: Travelling
C.A. has been with us for six months during which time he completed 83 major audits and one expense report. He has previous experience as a spy. His favorite saying is, "Okay, everybody, 'fess up."

☺ **Executive Secretary**
Name: Fifi LaFlame
College: Pyro Tech.
Hobby: Whistling
Fifi has been with us for three days. She holds a company typing record at one-third of a word per minute. Her favorite saying is, "Uh, how do you spell that?"

☺ **V.P.—Operations**
Name: Ira Mixxup
College: Clown Junior College
Hobby: Doing picture puzzles
Ira is well known by our employees and by thousands of our former employees. He has had previous experience as a hermit. Ira's favorite saying is, "Organized! Yes! Soon! We must get!"

☺ **V.P.—Administration**
Name: Shirley Blocket
College: U. of Redtape
Hobby: Stamp collecting
Shirley has been with the company for three years and has occupied her current position for five years. She has previous experience as a pencil sharpener. Her favorite saying is, "We need a form for that."

☺ **Company Pilot**
Name: Skye Bleu
College: Yonder U.
Hobby: Astronomy
Skye is the longest-tenured employee in the company—63 years. He is looking forward to the purchase of our first plane. He has previous experience as a frogman. His favorite saying is, "Where's my cane?"

☺ **Treasurer**
Name: Penny Nichols
College: Accumulate Institute
Hobby: Playing Monopoly
Penny has been with us for nine years, having started as a meter maid in our parking lot. She has been responsible for our diversification program into insolvency, bankruptcy and counterfeiting. Her favorite saying is, "A penny saved is a penny for Penny's pocket."

☺ **V.P.—Public Relations**
Name: Phil A. Flask
College: Charm U.
Hobby: Dancing
Phil has been with the company for 18 months, having started as a window washer. He has had previous experience as a monk. Phil's favorite saying is, "I wouldn't say that, would you?"

☺ **Outplacement Director**
Name: Johnny Flush
College: Watershed Tech.
Hobby: Weight-lifting
Johnny is a recycled employee; he is now back for his seventh tour of duty. He has had previous experience as a human cannonball. Johnny's favorite saying is, "Where's the door?"

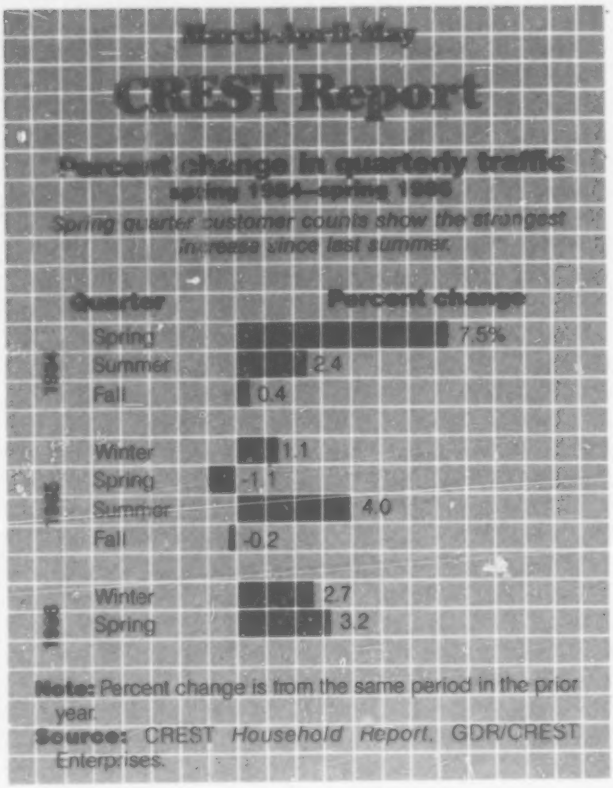
☺ **V.P.—Finance**
Name: Ima Innocent
College: Leavenworth U.
Hobby: Making license plates
Ima is currently on leave of absence from the company to perform government service. He has had prior experience as a magician. Ima's favorite saying is, "I take the Fifth."

☺ **Recruiting Director**
Name: Ura Dahl
College: Magnet Tech.
Hobby: Photography
Ura has been with the company for 56 years, coming to us after a brief career as a professional wrestler. Ura's favorite saying is, "Why in the world would anybody want to work here?"

☺ **Mailperson**
Name: Speshell Handling
College: Pikup Community College
Hobby: Writing
Speshell has been with us for 71 late-mail deliveries. He has had previous experience as a horserace starter. His favorite saying is, "If I didn't deliver it, then you didn't send it."

☺ **Chief Executive Officer**
Name: Stirling Silver
College: Egotrip U.
Hobby: Spoon collector
Stirling is our CEO, a position that was created for him four years ago by his grandfather. Stirling has had prior business experience founding a snowplow service in Key West, FL, and a landscape architecture firm in the Tundra. His favorite saying is, "You're fired."

Fisher's Law #75. When you profile your organization, remember that your people *are* your organization.



Spring quarter traffic up 3.2 percent

Customer counts at the nation's restaurants rose 3.2 percent during the spring quarter following a 2.7 percent increase in the winter months. This represents the strongest increase for a single quarter since last summer, and the strongest performance for two consecutive quarters since the spring and summer of 1984.

Vacation travel is expected to boost summer traffic so the industry should experience a third consecutive quarter of growth at close to 3.0 percent or better.

Industry summary

□ **Customer traffic** rose 3.2 percent this spring. Breakfast customer counts were unchanged from the previous quarter, but lunch traffic rose 1.9 percent. In addition, the dinner period posted a strong 5.7 percent increase in customer counts.

□ **Sales** during the spring quarter advanced 2.8 percent due to the increase in customer traffic. Sales at all three meal periods rose, with lunch making the biggest gain, up 4.8 percent.

□ **Visit frequency,** the number of times households visited restaurants, was down during the spring quarter, falling 2.0 percent. However, the number of households eating out at a restaurant was up 0.8 percent.

□ **Average check size** slipped a slight 0.3 percent, from $3.45 in the spring quarter of 1985 to $3.44 this year.

□ **Use of promotions** continued to rise, posting a 10.1 percent increase. Promotions were used this spring on 12.2 percent of all occasions.

Quick service restaurants

□ **Customer traffic** rose a healthy 5.5 percent between March and May of this year. Substantial increases in customer counts at Mexican restaurants (up 11.5 percent) and pizza places (up 19.2 percent) helped boost overall performance.

□ **Sales** were up 6.9 percent for this segment in response to higher customer counts.

□ **Visit frequency** edged down 0.9 percent. However, penetration, the proportion of households eating out at least once during the spring quarter, advanced 1.7 percent.

□ **Average check size** climbed 1.2 percent to $2.44.

□ **Use of promotions** jumped 11.9 percent this spring. Customers used promotions on 14.0 percent of all quick service occasions versus 12.5 percent during the spring of 1985.

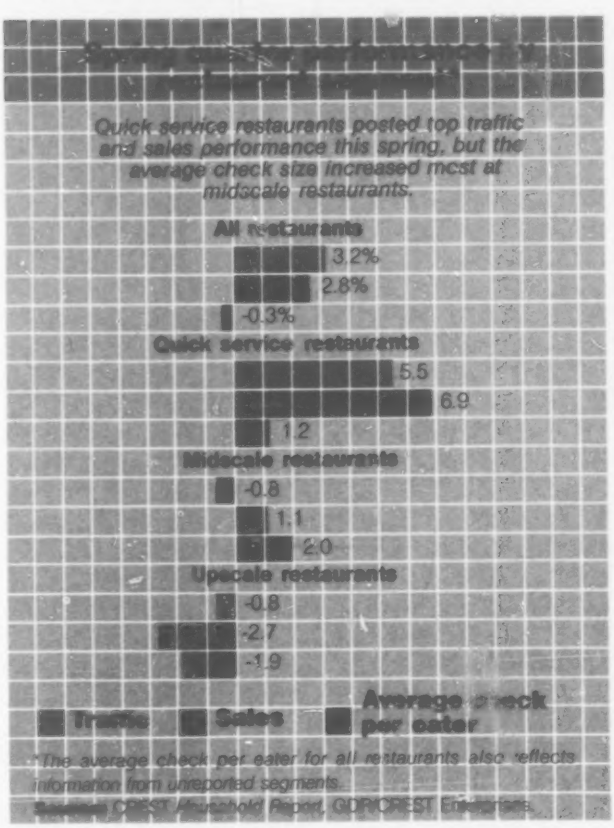
Midscale restaurants

□ **Customer traffic** edged down 0.8 percent this spring, reflecting declining customer counts at cafeterias, hotel restaurants and seafood/fish places. Gains were recorded by midscale Asian restaurants—up an impressive 27.3 percent, family steak restaurants—up 22.2 percent and Mexican establishments, which posted a 19.0 percent increase in traffic.

□ **Sales** at midscale restaurants advanced 1.1 percent, in spite of declining customer counts.

□ **Visit frequency** was off 3.6 percent, and the proportion of households dining at midscale restaurants fell 1.5 percent.

□ **Average check size** was $4.17 during the spring



quarter—a 2.0 percent increase over the previous year.

□ **Promotions** were used at midscale restaurants on 9.2 percent of all occasions, reflecting a 5.3 percent increase over the spring quarter of 1985.

Upscale restaurants

□ **Customer traffic** at upscale restaurant fell 0.8 percent due to declining customer counts at upscale barbecue restaurants (down 25.2 percent) and specialty steak restaurants (down 18.1 percent). Asian restaurants posted a very healthy 10.3 percent increase, reflecting the growing consumer interest in ethnic cuisines.

□ **Sales** dropped 2.7 percent during the spring quarter in response to lower customer counts.

□ **Visit frequency** was down 2.8 percent, coinciding with a 1.1 percent drop in penetration.

□ **Average check size** slipped 1.9 percent to $8.73. In comparison, average check size was $8.90 in the spring quarter of 1985.

□ **Use of promotions** rose a slight 1.1 percent over last year. During the spring months, promotions were used by customers on 9.5 percent of all occasions.

Editor's note: *CREST has changed its procedures for processing some of the diary information that it collects. A new "Casual Dining" segment has been added to the upscale segment. Included in this category is information for many eateries which were previously classified as midscale specialty or family style restaurants. These changes may affect the comparability of 1986 spring quarter data to that of 1985's spring quarter, particularly the increases or decreases in midscale and upscale traffic, sales and average check size.*

Who spends what for restaurant meals

Who is spending the most for meals eaten away from home? And how much are they spending? These questions, important to restaurateurs operating in an increasingly competitive environment, are examined in this article.

American households are spending more on restaurant meals. Between 1980 and 1984, the amount spent per week for meals and snacks eaten away from home jumped 31 percent from $15.77 to $20.63. During this period, increases in expenditures on restaurant meals outdistanced menu-price inflation as measured by the Consumer Price Index (CPI) for food away from home. Therefore, spending for restaurant meals increased in both current and real dollar terms during the four-year period.

According to the *Consumer Expenditure Survey,** in 1984 households spent, on average, $57.71 per week for all food. A substantial 36 percent of that total weekly budget was allocated to food away from home.** By comparison, in 1980 households allocated 32 percent of their food budgets to dining out. The amount spent eating out varies, often substantially, by the demographic characteristics of households.

Amount spent increases as income rises

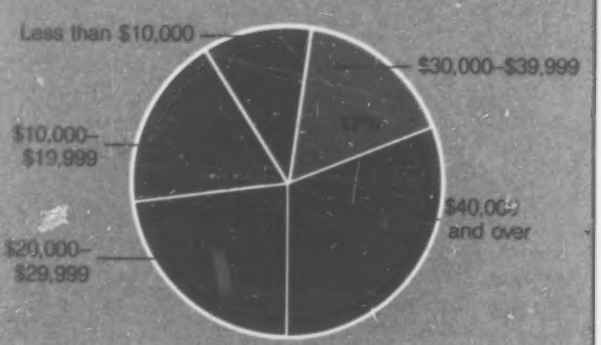
The level of household income has a definite effect on the amount of money spent for restaurant meals. The dollar amount allocated to food away from home, the proportion of the total food budget it accounts for and per capita expenditures all increased as household income increased.

The 1984 *Consumer Expenditure Survey* shows that households with annual incomes of $40,000 or more spent the most per week on dining out—$41.56, about $20.00 above the average. Expenditures for restaurant meals accounted for 43 percent of their weekly food budgets at $12.99 per person—the largest amount among all income levels.

Households with incomes between $30,000 and $39,000 a year spent, on average, $29.20 per week on restaurant meals or 38 percent of their weekly food budgets. Households with incomes of $20,000 to $29,999 a year allocated a

Share of total spending for food away from home by household income

Upper-income households spend the largest share of food-away-from-home dollars



Source: *Consumer Expenditure Survey*, 1984; Bureau of Labor Statistics, June 1986.

**Since 1980, the Bureau of Labor Statistics (BLS) has used the* Consumer Expenditure Survey *to track annual consumer expenditures. (Prior to 1980 the survey was conducted every 10 years.) The results reported here are from the diary portion of the 1984 survey, which was kept by more than 5,000 consumer households for two consecutive, one-week periods.*

The diaries collected information about household expenditures for small and/or frequently purchased items, such as food, beverages, tobacco and personal-care products. Expenditures incurred while traveling away from home were not included in the survey results. Data were collected from both urban and rural households, but results included here are for urban consumers only.

***The National Restaurant Association's estimate of the proportion of the food dollar spent away from home is higher than the figures reported here because it includes all expenditures on meals and snacks away from home, both personal and business. It also includes amounts for food that may be incorporated in airline tickets, hospital bills, school meals, etc. NRA estimates that more than 40 percent of the food dollar is spent away from home.*

similar 37 percent of their weekly food budgets to dining out, which averages $23.59 per week. Households in the $5,000 to $9,999 annual income bracket allocated the smallest proportion of their weekly food budgets to dining out—26 percent. This came to $4.63 per person, the lowest of all income groups.

It is worth noting that households with annual incomes of $30,000 or more made up about 29 percent of all households in the expenditure survey and yet accounted for nearly one-half of the total amount spent by households for meals and snacks away from home. In contrast, households with incomes below $20,000 a year made up 53 percent of the total respondents and accounted for only 29 percent of the overall amount spent per week for restaurant meals.

Clearly, higher-income households represent an important market for restaura-

Weekly expenditures for food away from home by size of household

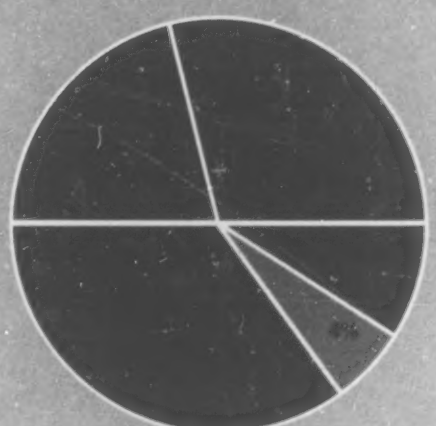
Singles spend more for food away from home than any other household group

Size of household	Amount spent for food away from home	Weekly per capita expenditures
One person	$14.21	$14.21
Two persons	19.73	9.87
Three persons	23.71	7.90
Four persons	25.49	6.37
Five persons	28.43	5.68
Six (or more) persons	30.62	4.57

Sources: *Consumer Expenditure Survey*, 1984; Bureau of Labor Statistics, June 1986

Share of total spending for food away from home by household composition

Families spend the largest share of eating out dollars



- Single person
- Husband and wife only
- Husband and wife with at least one child
- Single parent with at least one child under 18 years old
- Other husband and wife

Source: *Consumer Expenditure Survey*, 1984; Bureau of Labor Statistics, June 1986

Weekly expenditures for food away from home

Higher-income households, younger consumers and singles spend most on dining out

Consumer segment	Amount spent for food away from home	Percent of weekly food budget
Annual household income		
Under $5,000	$ 7.41	30%
$5,000–$9,999	9.27	26
$10,000–$14,999	14.29	30
$15,000–$19,999	18.35	33
$20,000–$29,999	23.59	37
$30,000–$39,999	29.20	38
$40,000 and over	41.56	43
Age of household head		
Under age 25	13.76	43
25 to 34 years	21.39	39
35 to 44 years	26.99	36
45 to 54 years	28.60	36
55 to 64 years	20.44	33
65 to 74 years	15.55	32
75 years and over	8.19	26
Household composition		
Single person(s)	15.13	42
Husband and wife only	21.28	38
• with oldest child under 6 years old	20.73	32
• with oldest child between 6 and 17 years old	29.06	38
• with oldest child over 18 years old	28.85	31
Other husband and wife units	32.71	33
One parent and at least one child under 18 years old	14.35	30

Source: *Consumer Expenditure Survey*, 1984; Bureau of Labor Statistics, June 1986

Expenditures for food away from home by number of wage earners

The more wage earners in a family, the more the family spends on restaurant meals

Household size	Number of wage earners	Average income before taxes	Amount spent for food away from home	Percent of weekly food budget
One person	None	$ 8,346	$ 7.94	32%
One person	One	16,077	17.81	55
2 or more persons	None	12,799	10.16	22
2 or more persons	One	22,422	20.31	31
2 or more persons	Two	32,316	25.48	36
2 or more persons	Three or more	40,139	35.51	36

Source: *Consumer Expenditure Survey*, 1984, Bureau of Labor Statistics, June 1986.

teurs. The good news is their numbers are expected to increase in the future. The challenge is that wealthier households, in general, have higher expectations regarding food and service quality. According to *American Demographics* magazine, by 1995 one-half of all families will earn at least $30,000 per year, and another one-fifth will have annual incomes of $50,000 or more. (All projected income figures are reported in 1982 constant dollars.)

As the accompanying table shows, the ratio of wage earners to number of household members also affects the amount spent on eating out, partly because it affects the level of household income. Generally, the more wage earners per household, the more money is spent on food away from home.

Smaller households spend the most per person

The amount spent for food away from home also varies by household size and composition. Smaller households tend to spend more per person and a greater share of their total weekly food budgets on eating out than do larger households. In fact, as household size increases, per capita expenditures and the percent of weekly food budgets allocated to dining out decreases.

For 1984, households of just one person spent nearly one-half of their weekly food budgets for restaurant meals or $14.21 per person. Two-person households spent substantially less per person—$9.87, but these households accounted for the greatest share of the away-from-home food dollar—28 percent. Larger households spent less per person, and smaller shares of their weekly food budgets went to dining out.

Similar patterns emerge when looking at household composition and spending for restaurant meals. Single-person households spent the largest proportion of their weekly food budgets on dining out, followed by husband-and-wife-only households. Each of these segments spent approximately 40 percent of their weekly food budgets in restaurants. The addition of a child to a husband-and-wife household decreased both the proportion spent and per capita spending on dining out.

Smaller households are an especially promising target market for restaurateurs because they spend relatively large portions of their food budgets in restaurants, and they will continue to make up a substantial share of all households in the future. One estimate from *American Demographics* magazine suggests that the number of single households will grow to 30 million by 1995, a 52 percent increase over 1983. The number of married couples will fluctuate during the next 10 years, but the U.S. Census Bureau forecasts married couples will continue to account for about one-half of all households through 1995.

Although smaller households without children account for the greatest share of total spending for restaurant meals, operators will not want to lose sight of families. Currently they account for a 40 percent share of expenditures for food away from home, and their numbers are growing. Many of these households with children will be dual-income families due to the increasing incidence of working mothers. And many will also be older and more affluent as many couples postpone childbirth and become parents at later ages. These older parents are less likely to dramatically alter their lifestyles after the birth of a child. They are likely to take their child or children out to eat with them. Restaurateurs may want to explore creative ways to attract these families.

Spending varies with age groups

Households headed by persons under 25 years of age spent 43 percent of their total weekly food budgets on meals and snacks away from home, the largest proportion among all age groups. In comparison, older households, those headed by persons aged 65 and over, spent the smallest proportion per week. Households headed by persons between 45 and 54 years of age tended to spend a smaller proportion of their weekly food expenditures on dining out than their younger counterparts; however, in general they spent the most in actual dollars.

In the next decade, restaurant sales will not be boosted by rising numbers of free-spending young adults as they have in the past. Age projections suggest that restaurateurs will be challenged to encourage consumers to continue their established restaurant spending patterns as they grow older.

American Demographics magazine predicts the number of households headed by persons under the age of 25

will remain relatively unchanged over the next 10 years. Traditionally, these younger households, those headed by individuals under age 25, have been an important target market, especially for fast food operators because they tend to allocate a large portion of their food expenditures to eating away from home. Furthermore, the number of these households increased rapidly during the last 10 years. This is not expected to be true in the future. Rather, the largest increase is expected for households headed by persons between 35 and 44 years of age. The number of these households will jump 31 percent by 1995 largely due to the aging of the baby-boom generation.

In planning for the future, restaurateurs may want to allocate a greater share of their marketing dollars to this age segment, to induce these householders to continue spending a large proportion of their food budgets on dining out.

In recent years, restaurant patrons over the age of 65 have become more common. *Consumer Expenditure Survey* results show older households have been spending an increasing share of their total food budgets on dining out, and a recent CREST report on the senior market found restaurant usage by this segment was rising at a faster-than-average rate. Many of these older households have the disposable income to spend for restaurant meals due to better retirement planning and few large financial obligations. Furthermore, because they are generally no longer active participants in the labor force, they have more time to pursue leisure activities, including dining in restaurants.

This market segment presents an interesting challenge for many restaurateurs because it is markedly different from younger segments. In general, older customers tend to eat smaller portions and, due to restrictive diets, are often more selective in their food choices than younger patrons. They are less likely to try new restaurant concepts and/or unusual menu fare. Unlike busy younger customers, convenience is rarely a top priority for seniors when they dine out. According to *American Demographics* magazine, the number of elderly households should increase 18 percent between 1985 and 1995 to total about 22 million.

Demographic trends will affect industry

The 1984 *Consumer Expenditure Survey* results provide valuable information about the spending patterns of American households for restaurant meals. This information is particularly useful when considered in relation to demographic changes presently occurring and likely to occur in the future. Specifically, the results presented here suggest that foodservice operators may enjoy increased consumer patronage, as many of the demographic segments who spend the most eating out are among those most likely to increase in number in the future. Operators will be challenged to meet the needs of more single households, more affluent consumers, more consumers between 35 and 44 years of age, more elderly consumers, more two-income households and more parents with small children. How well the industry adapts to these demographic changes may influence its future success.

—Kate Conroy

Restaurant traffic, sales withstand popularity of microwaves, VCRs

Microwave oven and videocassette recorder (VCR) ownership has had little overall effect on restaurant patronage or sales. In the long run, however, microwave ownership may result in a change in types of restaurants visited and VCR ownership may result in increased restaurant patronage, especially for takeout.

The market for microwave ovens and videocassette recorders (VCRs) is hopping. According to CREST household data, one-third of all households owned a microwave oven in 1984. By 1985, the proportion jumped to 41 percent. A recent Gallup survey reveals that the trend continues. In the spring quarter of 1986, nearly six out of 10 households owned a microwave oven. CREST data also reveal that VCR ownership is climbing rapidly. In 1985, 19 percent of all households owned a VCR versus a smaller 11 percent the year before.

This strong growth has been the cause of concern among those who believe that the increase in the number of consumers owning microwave ovens and VCRs is having a negative effect on restaurant traffic and sales. A recent research study by CREST,* comparing

**Each year CREST panelists update a questionnaire which includes information on household members, such as occupation, income and education. In addition, the questionnaire contains a section on appliance and equipment ownership. This allows CREST to compare restaurant usage for microwave oven and VCR owners to that of non-owners.*

For the study referenced here, CREST used the household data base for 1984 and 1985. Only those households that participated on the panel both years were selected so that the change in restaurant usage after acquiring a microwave oven or VCR could be tracked. Nine distinct buying groups were identified for comparative analysis:

- *Microwave oven owners*
- *VCR owners*
- *Owners of both VCRs and microwave ovens*
- *Balanced non-microwave oven owners***
- *Balanced non-VCR owners***
- *Balanced non-owners of both microwave ovens and VCRs**
- *All non-microwave oven owners*
- *All non-VCR owners*
- *All non-owners of either microwave ovens or VCRs.*

***The groups of balanced non-owners were developed by matching the demographic profile of the owning households in order to compare the owning household's restaurant behavior to a group of non-owning households who are similar to them demographically. Balancing was based on household income, metro area size, age of household head and presence of children.*

Who owns microwave ovens?
spring 1986

Microwave ovens are most popular with consumers between the ages of 35 and 49 whose households include three or four members and an income of at least $30,000 a year.

Demographic characteristics	Percent of households
Total ownership	**57.0%**
Sex	
• Male	58.9
• Female	55.4
Age	
• 18–24	56.2
• 25–34	56.3
• 35–49	66.1
• 50–64	55.8
• 65+	45.4
Marital status	
• Married	63.5
• Not married	46.1
Household size	
• One	41.2
• Two	57.8
• Three or four	62.6
• Five or more	59.4
Education	
• Less than high school	42.8
• High school graduate	60.8
• College graduate	61.6
Income	
• Under $15,000	39.6
• $15,000–$19,999	52.8
• $20,000–$29,999	60.5
• $30,000+	72.2
Employment of women	
• Full time	58.5
• Part time	59.7
• Not employed	51.1
Restaurant visit frequency	
• None	41.1
• One time a week	60.3
• Two or three times a week	60.5
• Four or more times a week	58.6

Source: Gallup Organization, Spring 1986

In the long run, the microwave oven may replace the need for additional convenience meals at quick service restaurants.

restaurant patronage of microwave oven and VCR owners with that of all nonowners and a group of demographically matched nonowners, reveals this has not been the case. Taken together, microwave oven and VCR ownership appears to have had little overall effect on total restaurant patronage or sales.

Who owns microwave ovens and VCRs?

Microwave oven and VCR owners typically

□ **are between 35 and 49 years old.** In 1985, half of the consumers in this age group owned a microwave oven, and 28 percent had a VCR. This is well above the national level of microwave oven and VCR ownership, 41 percent and 19 percent, respectively.

□ **have incomes over $40,000 a year.** In 1985, nearly 60 percent of the households with incomes over $40,000 had a microwave oven, and 37 percent owned a videocassette recorder. In comparison, a smaller 27 percent of the

households earning less than $20,000 owned a microwave oven in 1985 and only 8 percent possessed a VCR.

□ **are non-single households,** such as married couples and families. In particular, 57 percent of the households in which both spouses work owned a microwave oven last year, while 28 percent owned a VCR. On the other hand, only 23 percent of the single households owned a microwave oven in 1985, and 14 percent had a VCR.

An ongoing Gallup survey on microwave oven ownership confirms the CREST information. In the spring of 1986, not only did the groups mentioned by CREST have an above-average incidence of microwave oven ownership but also included were consumers with various incomes between $30,000 and $40,000 a year, college graduates and women who work full or part-time. Moreover, the Gallup survey reveals that microwave oven ownership is now increasingly penetrating other demographic groups, including singles, Americans 65 years old and older and households earning less than $20,000 a year.

Influence of new ownership

Contrary to popular belief, new microwave oven and VCR owners do not cut back their restaurant visits, according to the CREST study. In 1985 total restaurant visits for consumers who purchased a videocassette recorder during that year were virtually unchanged from 1984. New microwave oven owners, however, actually increased their restaurant visits in 1985—up 1.8 percent.

Other notable influences:

□ **New microwave oven owners patronize upscale establishments more than does the average household.** In 1985, customer counts at these establishments increased 3.0 percent for new microwave oven owners, while traffic for all households was unchanged from the prior year. On the other hand, new VCR owners reduced their visits to white tablecloth restaurants, down 3.0 percent, possibly to take advantage of their home entertainment equipment.

□ **New VCR owners increased their orders for takeout foods to be eaten at home.** In 1985, orders for food to be eaten at home increased 2.0 percent for new VCR owners—the same gain recorded for all households. In contrast, new microwave oven owners posted a 2.0 percent decline in orders of food for home consumption.

□ **Dinner traffic increased for new VCR owners,** advancing 2.0 percent in 1985. In comparison, customer counts at the evening meal were unchanged for new microwave oven owners and all households. Fueling growth in dinner traffic for new VCR owners was a gain in off-premises dinner occasions on weekdays and weekends, up 8.0 percent and 5.0 percent, respectively.

Long-term restaurant habits vary

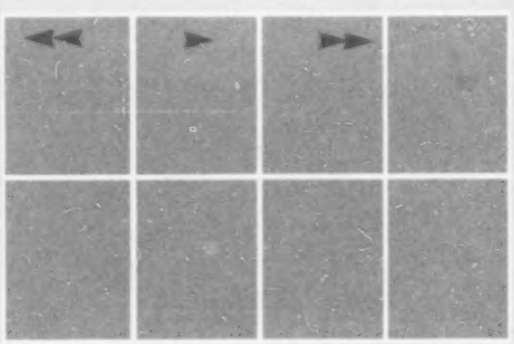
In contrast to the new microwave oven and VCR owners, consumers who have owned their equipment for two or more years have somewhat different restaurant usage

Microwave oven and VCR ownership
1985

Nearly half of the population owns a microwave oven or VCR

Own microwave only	28%
Own VCR only	6%
Own both	13%
Own neither	53%
Total	**100%**

Source: CREST *Household Report*, 1985.



Longtime VCR owners are likely to increase overall restaurant usage.

habits. For example, customers who have owned a microwave oven for some time

□ **do not step up restaurant visits.** In 1985, restaurant traffic for longtime microwave oven owners was unchanged from the prior year. In contrast, the group of demographically matched non-microwave oven owners increased their restaurant visits, advancing 1.0 percent, while new owners posted a 1.8 percent gain.

□ **Furthermore, the group of longtime owners is likely to cut back visits to quick service restaurants and increase usage of upscale establishments.** In 1985, these consumers posted a 0.3 percent advance in traffic at fast food restaurants, versus a greater 3.7 percent gain for matched non-microwave oven owners and a 3.0 percent jump for new microwave oven owners.

This indicates that, in the long run, the microwave oven may replace the need for additional convenience meals at quick service restaurants. At the same time, consumers who have owned their microwave oven for more than two years reported a 3.3 percent increase in upscale visits. This compares with a 3.0 percent gain in visits for new owners and a 4.1 percent decline for demographically matched non-owners. Thus, microwave oven ownership seems to affect the mix of restaurants patronized by consumers.

Longtime VCR owners are likely to increase restaurant usage overall. This group posted a 1.6 percent increase in restaurant visits in 1985, while traffic declined 0.9 percent for the group of demographically matched VCR non-owners and declined 0.1 percent for new VCR owners.

Consumers who have owned a VCR for at least two years also tend to increase usage of fast food and upscale establishments. Traffic at quick service restaurants climbed 3.1 percent for the longtime VCR owners in 1985 versus a smaller 2.0 percent gain for new VCR owners and a slight 0.2 percent dip for the matched non-owners. Traffic at upscale establishments advanced 2.4 percent for VCR owners of more than two years, while customer counts inched up 0.7 percent for the comparable group of VCR non-owners. It fell 3.0 percent for new owners.

Operators should target new owners

In general, microwave and VCR ownership had little effect on overall industry sales and traffic during the recent sluggish growth period. In the long run, however, microwave ownership may result in a change in types of restaurants visited, and VCR ownership seems to promote increased restaurant visits.

—Susan Adelman

How consumers use microwaves

Recent studies reveal that consumers use microwave ovens to:

- □ thaw frozen foods
- □ prepare frozen gourmet dinners
- □ reheat leftovers
- □ warm beverages, such as coffee and tea
- □ prepare snack foods, such as popcorn
- □ cook vegetables and main dishes and
- □ bake breads and desserts.

Wholesale food prices begin to rise

This article highlights the forecast changes for the commodities used most by restaurateurs, as of August 1, 1986. This information may prove valuable in making purchasing decisions because it allows operators to better anticipate future supply levels and food costs.

Wholesale food prices are expected to rise moderately through the rest of the year. For the first six months of 1986, the Producer Price Index (PPI) for all food has fallen 0.8 percent from the same period in 1985. However, the PPI edged up 0.4 percent in May and advanced 1.1 percent in June, marking the first increases since January 1985. The National Restaurant Association's food cost index, which measures food costs for restaurateurs, has followed a similar pattern. For the year to date, the index has declined 0.6 percent, but rose 1.1 percent in May and 3.6 percent in June.

Why after more than a year of declining prices are wholesale costs beginning to rise? Shrinking production of beef, pork and dairy products is beginning to drive up prices for these commodities, and the sluggish pace of the economy has had a dampening effect on domestic demand. The weather is also contributing. The heat and dryness that have persisted in the Southeast are expected to push prices of some commodities up this fall and winter.

Although overall wholesale prices should rise later this year, fluctuations in prices and production levels will vary for different types of commodities.

Beef output declines

Declining inventories and sluggish domestic demand are slowing beef production. Supplies were up slightly over 1985 levels early this year, but have already started to fall. Beef prices were somewhat lower than they were in 1985. However, as production levels dip, prices will rise.

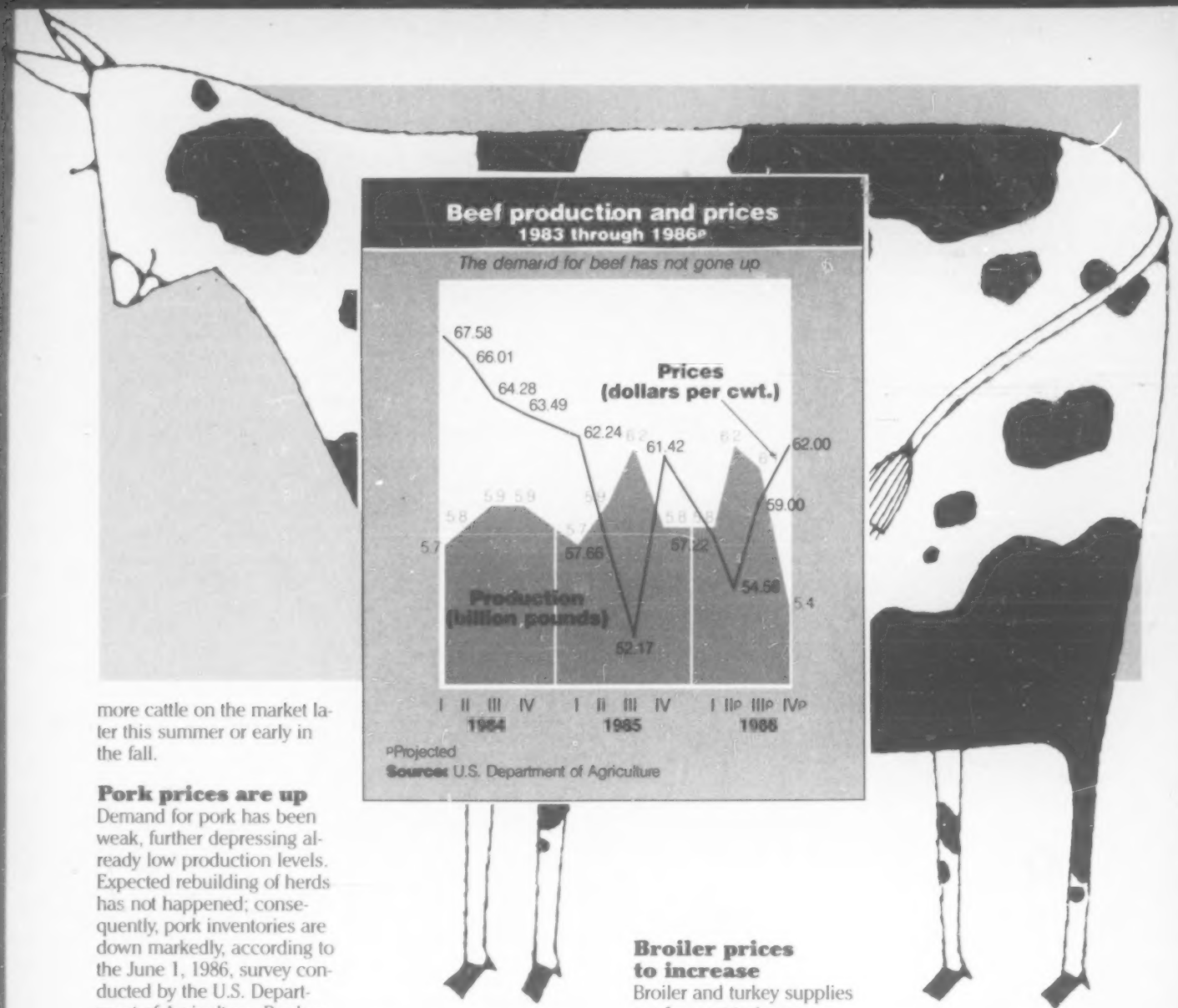
Beef highlights

□ Producers are expected to supply 23.5 billion pounds of beef this year, a 0.4 percent decline from 1985.

□ Beef supplies in the first half of 1986 totaled 12.0 billion pounds—3.4 percent higher than in the previous year. Production in the third and fourth quarters is forecast to fall 4.2 percent below 1985 levels.

□ Beef prices were lower than in 1985—down 8.0 percent in the first quarter and 5.3 percent in the second. By the third quarter, the trend will be reversed, with beef prices expected to climb to about $59.00 per cwt.—a substantial increase over the $52.17 per cwt. recorded in the same period in 1985. Projections for the fourth quarter are for prices to range between $61.00 and $65.00 per cwt.

□ The drought in the Southeast may increase production levels. Lack of feed may force farmers to place



more cattle on the market later this summer or early in the fall.

Pork prices are up

Demand for pork has been weak, further depressing already low production levels. Expected rebuilding of herds has not happened; consequently, pork inventories are down markedly, according to the June 1, 1986, survey conducted by the U.S. Department of Agriculture. Production levels for 1986 are not expected to reach those recorded in 1985. Therefore, prices will advance through the rest of the year.

Pork highlights

□ Total pork production in 1986 may be 3.9 percent below the 14.7 billion pounds produced in 1985.

□ In the first half of 1985, pork supplies reached 7.3 billion pounds. Supplies dropped to 7.2 billion pounds in the first half of 1986—a 1.4 percent drop. During the second half of 1986, production is expected to slide to 7.0 billion pounds.

□ The price of pork fell in the first three months of 1986—down 8.6 percent. However, the wholesale price shot up 9.4 percent between April and June, rising to $47.13 per cwt.—well above the $43.09 per cwt. recorded in 1985. Estimates for the third quarter range from $54.00 to $58.00 per cwt., and by the close of the year the price of pork should be running between $52.00 and $56.00 per cwt. In contrast, the price of pork was $43.62 per cwt. in the third quarter of 1985 and $45.05 per cwt. in the fourth.

□ Small inventories may force production levels even lower in 1987. Consequently, wholesale pork prices may continue to move higher.

Broiler prices to increase

Broiler and turkey supplies are forecast to increase through the rest of 1986 and into 1987. Strong demand for broilers will cause producers to expand production to the limit of available facilities. The drought in the Southeast this summer may take its toll, however, because six of the top 10 chicken producing states are found in the Southern region of the country. Consequently, broiler prices may be forced higher than expected in the months ahead.

Poultry highlights

□ Broiler production in the first half of 1986 totaled 6.9 billion pounds, 3.0 percent higher than the same period a year ago.

□ In the third quarter, broiler production is expected to advance between 4.0 and 5.0 percent over the 1985 level of 3.5 billion pounds. In the final quarter, production is forecast to increase 6.6 percent to about 3.6 billion pounds.

□ Broiler prices were slightly below 1985 levels in the first quarter of 1986, 50.3 cents a pound versus 51.5 cents a pound. Prices began going up in the second quarter, rising to 54.3 cents a pound—a 7.1 percent increase over 1985. In the third quarter, prices are expected to range between 58.0 and 62.0 cents a pound, well above the 50.9 cents a pound recorded during the

third quarter of 1985. As demand falls seasonally in the final quarter, prices are expected to return to second-quarter levels, closing at around 55.0 cents a pound—9.6 percent higher than at the end of 1985.

□ Turkey production in the first half of 1986 was 1.2 billion pounds versus 1.1 billion pounds produced during the first six months of 1985. During the second half of the year, production should approximate the 1.7 billion pounds produced during 1985.

□ In the first quarter of the year, turkey prices registered a 10.0 percent decline over the 68.9 cents a pound recorded during 1985. By the second quarter, prices rose to 68.0 cents a pound—4.4 percent above 1985. Turkey prices in the second half of the year should be about the same as in 1985—about 90.0 cents a pound.

Dairy supplies forecast to slip

Dairy producers continued to expand production in the beginning of 1986. However, as the number of dairy cows is reduced through the Dairy Termination Program,* supplies are expected to slip below 1985 levels later this year. Prices of both milk and milk-based products, such as butter and cheese, should edge up as production declines.

The dairy situation in 1987 is expected to mirror that forecast for the second half of 1986. Milk production should continue to fall, and prices should rise, as the number of dairy producers is cut by the Dairy Termination Program. The overall decline in supplies is dependent on how much remaining producers expand production. Strong prices may induce remaining dairy farmers to expand beyond expected levels, thereby cushioning the projected fall in dairy supplies.

The Dairy Termination Program began April 1, 1986, and will run through August 31, 1987. Instituted by the U.S. Department of Agriculture, the program offers cash payments to dairy farmers who agree to sell all their female dairy cattle for slaughter or export. The farmers must also agree to have no ownership interest in either female dairy cattle or milk production for at least five years and must idle all equipment during that time. USDA accepted bids from 13,988 dairy producers, who accounted for about 8.7 percent of total U.S. milk production in 1985.

Dairy highlights

□ During the first quarter of 1986, 36.2 billion pounds of milk were produced—a 7.4 percent jump over the prior year. Second-quarter production was up 2.7 percent over the 1985 level, rising to 38.5 billion pounds. By the third quarter, dairy supplies are expected to fall to 35.9 billion pounds, representing a 2.5 percent drop over 1985. In the fourth quarter, production should be 3.1 percent lower than in 1985, declining to 34.5 billion pounds.

□ The gains recorded in the first half of 1986 should offset later declines in production so that total milk production in 1986 will be up a slight 1.0 percent.

□ Wholesale milk prices ran below 1985 levels in the first half of the year, 9.5 percent lower in the first quarter and 4.2 percent lower in the second. Prices are forecast to advance in the second half, ranging between $12.10 and $12.30 per cwt. during the third quarter and $13.00 to $13.40 per cwt. in the fourth. The average wholesale price of milk was $12.73 per cwt. in 1985.

Percent change in wholesale commodity prices

NRA's food cost index did not change during the first 6 months of 1986

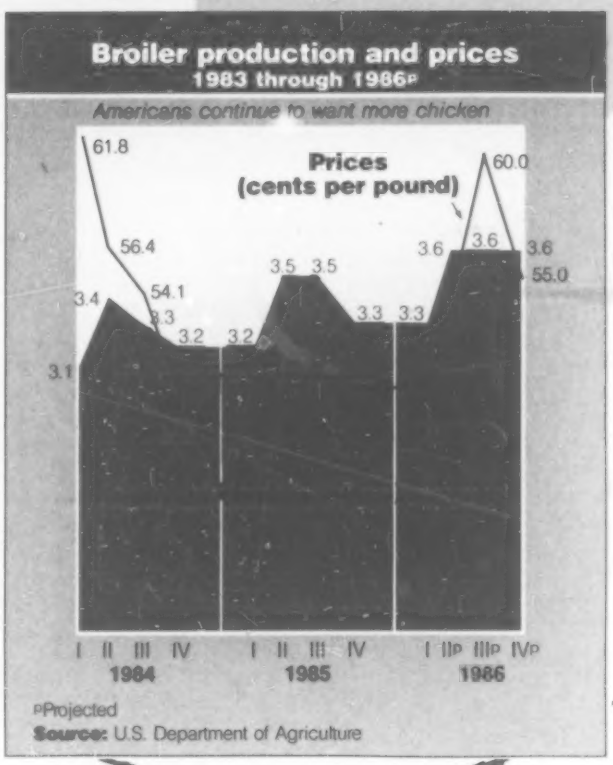
	1978 to 1979	1979 to 1980	1980 to 1981	1981 to 1982	1982 to 1983	1983 to 1984	1984 to 1985	6 mos. 1985 to 6 mos. 1986
Bakery products	10.0%	11.7%	8.3%	3.3%	3.2%	4.8%	4.7%	3.8%
Flour & cereal	12.4	12.3	−7.0	−5.3	1.1	1.8	0.6	−1.2
Beef & veal	24.7	3.2	−5.0	−0.8	−3.3	nc*	−7.6	−5.8
Other meats	−2.8	−2.7	7.6	16.9	−8.7	−0.4	−1.0	2.8
Poultry & eggs	0.7	1.0	2.4	−6.7	3.2	12.0	−8.1	1.6
Fish & shellfish	22.6	−3.2	1.8	11.8	6.3	11.5	1.7	7.1
Sugar & sweets	6.9	35.4	−2.9	−2.6	5.0	2.4	−1.1	1.0
Vegetables	2.0	7.5	22.6	−4.4	1.2	8.4	−7.2	−6.0
Fruits & juices	8.7	4.2	4.1	2.9	2.9	6.6	0.6	−4.5
Beverages	0.8	0.8	−2.3	4.5	1.3	5.2	1.6	15.2
Dairy products	12.1	12.1	6.4	1.3	0.6	3.6	3.9	−2.4
Fats & oils	6.4	6.4	2.1	−1.4	8.8	21.0	−6.2	−18.8
NRA food cost index	**12.2%**	**5.0%**	**3.0%**	**2.5%**	**0.7%**	**5.0%**	**−2.2%[2]**	**nc***
All food producer price index[1]	**9.5%**	**8.0%**	**3.1%**	**1.1%**	**1.1%**	**4.8%**	**−1.8%**	**−0.8%**

*nc = no change

[1]Includes all processed foods (except soft drinks, alcoholic beverages and animal feeds) plus eggs and fresh and dried fruits and vegetables.

[2]In December 1985, the index for flavored syrup was rebased to 1985 = 100. As a result, NRA's monthly Food Cost Index had to be revised in order to compare 1986 figures to 1985.

Sources *Producer Price Index*, Bureau of Labor Statistics; National Restaurant Association.



Egg production up

Egg suppliers are adding additional pullets to their stocks; therefore, production should expand modestly during the rest of 1986 and the first half of 1987. A possible slowdown is forecast for late 1987. Prices are expected to remain relatively stable during the remaining months of 1986 and into 1987.

Egg highlights

□ During 1986, total egg production is forecast to reach 5.7 billion dozen, approximating the amount produced during 1985.

□ In the first half of 1986, egg production reached 2.8 billion dozen. It is expected to total 2.9 billion dozen during the second half.

□ Egg prices were 74.2 cents a dozen in the first quarter of this year, but they fell to 63.4 cents a dozen by the second quarter. Between July and December prices are expected to approximate last year's levels, running around 68.0 cents a dozen in the third quarter and 70.0 cents a dozen in the fourth.

Estimates of noncitrus fruit crops dip

Crop estimates for noncitrus fruits are down for the months ahead, according to U.S. Department of Agriculture economist Ben Huang. As a result, prices may push up. Citrus supplies are expected to remain stable, although crop estimates for the next growing season have not yet been calculated.

Fruit highlights

□ Total noncitrus fruit production for the 1985/1986 season is forecast to reach 12.3 million tons—about a one percent decline over the previous year.

□ Production of apples and winter pears is expected to decline in late 1986. Supplies of winter pears may fall as much as 11.0 percent over the previous year's level.

□ Prices of apples and winter pears should increase in the second half of the year, but prices for grapes may fall due to relatively high production levels.

□ Higher citrus production levels, up nearly 7.6 percent over the previous season, are expected to keep prices down.

Vegetable prices may go up

Continued higher than average import levels have weakened vegetable prices, causing producers to cut back on growing plans. Imports, especially those from Mexico, should slow in the remaining months of 1986. Combined with lower domestic production, this may drive prices up.

Vegetable highlights

□ Commercial vegetable production may fall as much as 4.0 percent below the 443 million cwt. produced last year.

□ Prices were down early, in 1986, but should rise slightly later this year. Nonetheless, vegetable prices may still be about 8.0 percent below 1985 levels.

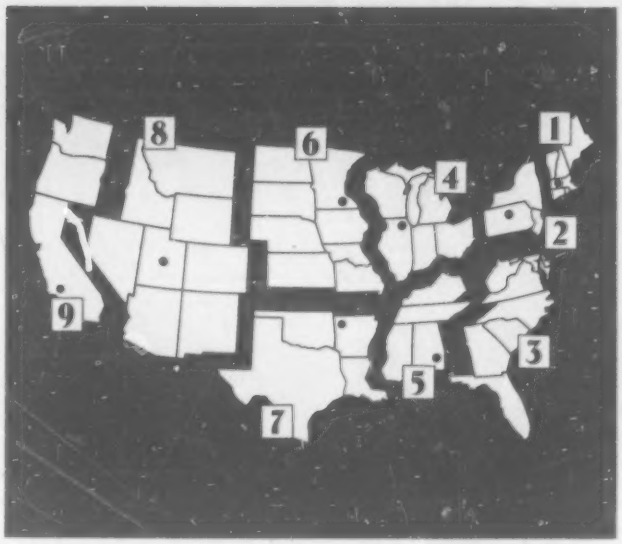
□ Total potato output is forecast to be 19.8 million pounds—14.0 percent below 1985 production—despite a projected 6.0 percent increase in the winter harvest yield.

—Kate Conroy

Correction

The table on page 37 of the June/July 1986 issue of this magazine inaccurately reports that 23 percent of the adult population are "weight conscious consumers." Actually, the figure is 28 percent. The table showing "characteristics of health and nutrition consumer groups," should read as follows:

	Percent of adults
Traditional Consumers	37%
Weight-Conscious Consumers	28%
Health-Conscious Consumers	19%
Uncommitted Consumers	12%



1 NEW ENGLAND

Location: Amherst, MA
NRA member: David McPhee
Operation: The Sub
Profile: Counterservice sub shop
In business: 8 years
Seats: 35
Meals served: Lunch, dinner

Business has been off 10 percent this summer at The Sub, a casual sub shop that caters mostly to students from the local colleges. Manager **David McPhee** says the decline is due to competition from a sub shop that opened in Amherst last year. "But in September, 40,000 students descend on Amherst," he says. "There will be business enough for both of us."

The Sub features—what else?—subs in four different sizes. Steak and cheese is the hands-down favorite, with roast beef and vegetarian—cheese, onions, lettuce, tomato, pickles, peppers and olives—running close behind. Soups and salads are available also, but chili was recently removed from the menu because of low sales.

McPhee focuses his promotions on the nearby University of Massachusetts (UMass) campus to attract student business. At the beginning of each school year, for example, he runs a full-page ad in the UMass phone directory that includes dollars-off coupons.

2 MIDDLE ATLANTIC

Location: Tunkhannock, PA
NRA member: Tina Pickett
Operation: The Fireplace
Profile: Fullservice restaurant
In business: 18 years
Seats: 125
Meals served: Lunch, dinner, Sunday brunch

"We're located in the heart of what New Yorkers and Philadelphians call 'the endless mountains,'" says **Tina Pickett,** owner of The Fireplace. "Therefore, a lot of people from those cities come here on vacation." Pickett says the rural town of Tunkhannock is further bolstered by business from the many large companies that operate plants nearby.

The Fireplace is a rustic establishment, filled with old barn wood, antiques collected by Pickett and two huge fireplaces. The predominantly steak-and-seafood menu is enhanced by gourmet specials, such as Chicken Copenhagen, a hand-breaded, baked chicken filled with a blend of French cheeses. Weekly ethnic specials add an international flavor.

Promotions at The Fireplace are usually sponsored to benefit the surrounding community. Pickett is currently involved in the Tunkhannock "Save the Old Trees" campaign, donating 50 cents from each order at Sunday brunch toward saving the town's old trees.

3 SOUTH ATLANTIC

Location: Rockville, MD
NRA member: Charles Hance
Operation: Gentleman Jim's
Profile: Fullservice restaurant
In business: 15 years
Seats: 60
Meals served: Lunch, dinner

"Businesses of all types are doing great in Rockville," reports **Charles Hance,** the second-generation owner of Gentleman Jim's. And his restaurant is no exception. "We have people lined up at the door seven nights a week," he boasts. In fact, Hance has just opened a second floor at the restaurant to accommodate twice as many customers.

According to Hance, customers are lining up at Gentleman Jim's because of its delicious pizza. "We have the original pizza recipe that was first served at the old Cavalier Restaurant in downtown Washington many years ago," he says. Hance's father brought the recipe out to the suburbs and added sandwiches—65 different kinds—to the menu.

Affordable prices and a casual atmosphere also contribute to the popularity of Gentleman Jim's. So do the friendly employees, many of whom have been with the company a dozen years or more. According to Hance, "Customers feel welcome here because the staff gets to know them."

4 EAST NORTH CENTRAL

Location: Chicago, IL
NRA member: Henry Weiss
Operation: Hemingway's Movable Feast
Profile: Upscale deli
In business: 16 years
Seats: 158
Meals served: Lunch, dinner

Business has been down at Hemingway's Movable Feast because of what company president **Henry Weiss** describes as a "terrible Chicago summer." Hemingway's draws much of its business from a park and a zoo located directly across the street, and this year's combination of excessive rain and heat has kept people away.

Hemingway's aligns itself with its across-the-street neighbors with park benches, plenty of green plants and big picture windows. "We're like a continuation of the park," Weiss says. The menu features a grand total of 180 sandwiches, each with its own original name. The Michigan Avenue, for instance, is a combination of roast beef, turkey, cheese, Spanish onions and Russian dressing.

5 EAST SOUTH CENTRAL

Location: Luvern, AL
NRA member: J. H. Finlayson
Operation: Annie's
Profile: Fullservice restaurant

In business: 6 years
Seats: 80
Meals served: Lunch, dinner

Traffic has picked up on the interstate that runs by Annie's, as lower gas prices and a stabilizing economy lure more people to the beaches in southern Alabama and Florida. As a result, Annie's has been breaking sales records this year, according to owner **Ann Finlayson.** "Customers are beginning to look for us as a landmark on their way south or north," she boasts.

Annie's exterior is highly visible from the road, with dark brown wood highlighted by bright yellow shutters and a bright yellow and brown sign. Inside, the decor creates a "country look" with food to match. Fried catfish, barbecue pork, turnips, black-eyed peas, hush puppies, homemade peach cobbler—these are some of the Southern specialties prepared in Annie's kitchen. Finlayson has discontinued breakfast service and all-you-can-eat dinner specials "in order to concentrate on doing fewer things better rather than trying to do everything."

6 WEST NORTH CENTRAL

Location: St. Paul, MN
NRA member: John Warling
Operation: Blue Horse Restaurant
Profile: Fullservice fine dining
In business: 23 years
Seats: 100
Meals served: Lunch, dinner

According to **Sheila Stuart,** manager of the Blue Horse, business travellers who come through the Twin Cities are more inclined to visit upscale restaurants than they used to be. This trend has meant a steady business for the Blue Horse. "About 70 percent of our business is from out-of-town guests," she reports. "We promote through the convention bureau so out-of-towners know about us."

Local diners also enjoy an afternoon or evening at the Blue Horse, one of the Twin Cities' only four-star restaurants. Tableside preparation is a house specialty, with items such as Steak Dianne, Veal Genoa, Caesar Salad, Bananas Foster and Crepes Elaine all prepared at the table. Fresh seafood flown in daily is also popular.

Although the restaurant relies primarily on word-of-mouth recommendations to attract business, some regular promotions are featured. For instance, customers can lunch at the restaurant on Fridays, then board a luxury coach which transports them to a nearby racetrack. After an afternoon of betting, it's back to the Blue Horse for dinner.

7 WEST SOUTH CENTRAL

Location: Fort Smith, AK
NRA member: Gerald LaRoche
Operation: Calico County Restaurant
Profile: Fullservice restaurant
In business: 2 years
Seats: 180
Meals served: Lunch, dinner

"Business has been great," says **Lance LaRoche,** manager of the Calico County Restaurant. Fort Smith is a medium-sized town surrounded by many other medium-sized towns, so the restaurant has a lot of local business to draw from. In addition, says LaRoche, four nearby hotels are always sending customers Calico County's way.

The front room of the Calico County Restaurant looks like any restaurant kitchen may have looked at the turn of the century. An old gas stove, a gas grill and an antique refrigerator dominate the dining room. But the appliances in Calico County's kitchen are 1980s modern, and they are used to prepare the house specialty—chicken fried steak—as well as catfish, meat loaf, pot roast, other down-home items and any special requests. "If a guest doesn't want skin on his chicken or would rather have his meat grilled rather than dipped in flour, that's no problem," says LaRoche.

8 MOUNTAIN

Location: Richfield, UT
NRA member: Van Madsen
Operation: Slice Em Thin Restaurant
Profile: Fullservice restaurant
In business: 48 years
Seats: 140
Meals served: Breakfast, lunch, dinner

The economy in Richfield is bleak, according to **Van Madsen,** manager of Slice Em Thin Restaurant. Coal mining is down. Agriculture is suffering. Construction is down. Even tourism, which generally helps this small town at the crossroads between Denver and Salt Lake City, is down this year.

But Slice Em Thin continues to serve home-style food as it has done for almost half a century. Slice Em Thin is named after the restaurant's original owner, who earned the nickname because he sliced meats very thin when serving them. These days, meats are served nice and thick, with prime rib and other steaks dominating the menu. Homemade soups, such as nacho beef macaroni or hamburger and noodle, are also featured as are breads and desserts baked on the premises.

Five small dining rooms create an intimate atmosphere for diners. One wall proudly displays the largest collection of Jim Beam bottles in the state of Utah.

9 PACIFIC

Location: Los Angeles, CA
NRA member: Steven Rice
Operation: Steve's Oasis
Profile: Fast food counter in a food court
In business: 8 years
Seats: None
Meals served: Lunch, dinner

Steven Rice, owner of Steve's Oasis, hears from his suppliers that the Los Angeles economy is down. But he hasn't noticed a decline. "My business is actually up 10 to 15 percent this summer," he reports.

Steve's Oasis is one of 50 or more fast food counters operating in a food court at the Los Angeles Farmers' Market in Hollywood. The historic market is a big tourist attraction, with customers browsing through the farmers' fresh produce and sampling the many food items for sale. At Steve's, customers stop for hamburgers, falafel, hero or pita sandwiches and Philadelphia cheesesteaks. According to Rice, none of this crosssection of ethnic sandwiches stands out as a favorite among customers. "I'll get a run on hamburgers one day, then on cheesesteaks the next," he says.

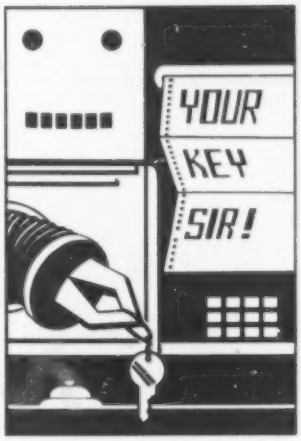
Oasis sells no side dishes or desserts, since those items are available from other counters in the market.

—Anne Papa

High-tech hotel

Computers are making inroads into the hospitality industry. Consider the Fenwick Islander, a motel in Fenwick, MD, that allows late-arriving guests to register by computer. Called the Night Clerk, the computer operates much like an automatic bank teller. Customers insert a major credit card into the machine and indicate the number in their party and the type of room and bed desired. The machine displays prices, runs a quick credit check and dispenses a room key. It even displays a hospitable "thank you," using the name on the credit card.

Some hotel owners have expressed concern that



Night Clerk will diminish personal contact with customers. But Deke Sheller, whose company markets the computer, disagrees. "The machines will prevent clerks from working irregular hours and will allow them to be rested and pleasant when they see customers the next day," he says.

—The Washington Post

Tasteful architecture

At Kentucky Fried Chicken even the buildings are finger-lickin' good.

The company's new technical center in Louisville, KY, contains the same 11 secret herbs and spices that go into the Colonel's chicken. Encased in 11 test tubes embedded in acrylic, they were placed in the building's cornerstone at a recent dedication ceremony. Explaining the architectural twist, KFC Chairman Richard Mayer says the herbs and spices are "literally the foundation of our three billion dollar annual business."

Trusted employees collected the secret seasonings from two suppliers, neither of whom knows the whole recipe. It is the first time the herbs and spices have been gathered in one place outside a chicken.

—USA TODAY

ATM users round up cash at Roy Rogers

Customers in Washington, DC, and Baltimore, MD, can walk into six area Roy Rogers units and walk out with a fistful of cash. Perpetual American Bank, the largest thrift institution in the area, has put automatic teller machines (ATMs) in Roy Rogers Restaurants.

The machines enable customers to get cash and check balances during the fast food restaurants' operating hours.

—The Washington Post

Help wanted: dietician

Bill Rogers, operator of two Capitol Room Cafeterias and the Tray Shop in Raleigh, NC, has a position open in his kitchens. But he is not looking for a chef, a line cook or a dishwasher. Rogers is looking to hire a registered dietician.

"Our customers are concerned about nutrition," he reports. "At the same time, we've been looking for a way to upgrade our menu. So we figured, why not bring a dietician on board to recommend new menu items, train staff to prepare them and be on sight to assist in preparation."

Rogers also hopes the as-yet-unhired dietician will give the restaurants a marketing boost, both by recommending ways to promote healthy alternatives and simply by being on-site. "Having a dietician on the staff will show our customers that we're giving more than lip service to their nutrition needs," says Rogers.

***—Restaurants USA** interview*

Name-dropping is in

It used to be that restaurants in New York City emblazoned their names on awnings, windows and flags, thinking bigger letters and brighter neon meant better business. But no more.

There is no sign to tell you, for example, that the wood and glass entrance to Memphis on Columbus Avenue does not lead into a bank or that the purple mannequins in the window of the restaurant on Carmine

Street do not belong to a boutique. Among restaurants in the Big Apple, anonymity is in.

"When we take the name off a restaurant, we give it a little more *quelque chose*," says one New York restaurant consultant. "People feel like they have found something special." A restaurant owner who operates three nameless restaurants agrees. "It's the same reason you don't talk to people around you on a subway. You need to create some sort of privacy in a big city like New York," he says.

But some operators say namelessness has meant less recognition. Indochine, a Vietnamese-Cambodian restaurant, was nameless until a few months ago, when a small scribble of its name appeared beside its door. "It got too confusing," explains Darrel Mautin, assistant manager. "Too many people were showing up late for reservations because they were circling the block trying to find us."

—New York Times

FYI
ON EMPLOYEES

For your information, the amount of training and information you provide your employees directly affects how long they will stay on the job.

National Restaurant Association's videos and publications give you the tools you need to turn your employees into a dedicated team. From an orientation checklist to a video on tips and taxes, NRA training materials are the place to start building a team of professionals.

Building Excellence
Selecting, motivating and retaining a professional foodservice staff

To aid foodservice operators in building a strong, productive reliable staff, *Building Excellence* gathers together outstanding groups of articles from *RESTAURANTS USA* (formerly *NRA News*). Articles delve into employee selection, motivation and retention as well as profile the success stories of other operators up against the same problems you face.
 # MG865, 56 pgs., soft-cover book, 1984, $11.95

Video
Tips & Taxes
You can be certain your employees will understand their tip reporting responsibilities once they have viewed NRA's new video *Tips & Taxes*. Produced by NRA in cooperation with IRS, *Tips & Taxes* (approx. eight minutes) explains the use of IRS income/tip reporting and tip allocation forms including W4, 4070, 4070A and 8027—everything an employee needs to know. Using a waitress's first day on the job as the setting to explain each IRS form, requirements for employees are outlined in a friendly, straightforward manner. The video can be used as part of an orientation program or as a reminder for current employees.
 # MG345, ½" VHS, ½" BETA, ¾" video (please specify format when ordering), 1986, $95.00

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